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5 January 1983

# Near East/South Asia Report

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## NEAR EAST/SOUTH ASIA REPORT

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PROSPECTS FOR JORDANIAN-PALESTINIAN FEDERATION

London AL-DUSTUR in Arabic No 257, 25 Oct 82 pp 26-27

[Text] The Palestinian leader Yasir 'Arafat and King Husayn spent many hours last week discussing the stand that the PLO should take on the American peace initiative in the Middle East. Informed Western sources revealed that the Jordanian ruler urged 'Arafat in their meeting to express his appreciation of the American plan.

The same Western sources indicated that King Husayn called on the Palestinian leaders to modify the extreme language of the Palestinian National Charter and eliminate the article that stipulates the destruction of Israel as a final goal of the PLO.

Jordanian officials believe the content of the charter is inconsistent with the mood now prevailing in the Middle East and with the initiatives proposed for resolving the complex and deep-seated Israeli-Arab struggle.

In the opinion of King Husayn, the next peace initiative must come from the PLO in order to convince Washington of its good intentions, induce the White House to have direct talks with the Palestinians, and give them a limited role in the peace negotiations. At the present time the Jordanian government wants to persuade 'Arafat to express clearly his views on federation with Jordan.

Political observers inside and outside Jordan believe the circumstances are favorable for announcing the Palestinians' intentions and consent to the establishment of some kind of union between the Hashimite Kingdom and the West Bank. In this connection, they point to the loss of popularity that Yasir 'Arafat had enjoyed among the Palestinians living in the East and West Banks of the Jordan River after the departure of the fighters from Beirut and the Sabra and Shatilah massacres. The Palestinian atmosphere seems ready for a discussion of the achievement of some kind of self-rule within the West Bank.

However, these rapid developments in the political atmosphere in the Middle East are considered insufficient to induce the Palestinian leaders to make the concessions expected of them. Hence, despite the moderation he has recently shown, Yasir 'Arafat is still insisting on the need to establish an independent Palestinian state in the West Bank and Gaza. The statements made

by those who speak in the name of the PLO must be interpreted in the light of this conviction. The statements all tried to distinguish between the concepts of confederation and federation in talking about the future relations between Jordan and the West Bank. The fact is the talks that took place in Amman between King Husayn and Yasir 'Arafat focused mostly on the PLO's stand on the American peace plan. The PLO leader appears to be in full agreement with the need to take a positive step toward Washington. However, he did not conceal, on the other hand, his fears of Syria's reaction if he and Washington actually drew closer together.

Syrian Minister of Information Ahmad Iskandar Ahmad at one time had launched a violent attack on Yasir 'Arafat whom he regarded as not representing the PLO. Syrian-Palestinian relations are now tense and in themselves prompted Khalid al-Wazir "Abu Jihad" to move to Amman and abandon Damascus, some political observers believe.

The Syrian government is now watching very warily the rapprochement between the PLO and King Husayn because such rapprochement would deprive it of the Palestinian pressure card which it had long waved when exposed to either Arab or foreign pressure.

It is quite clear that a radical change has taken place on the ladder of political priorities of both the Palestinian leadership and the Jordanian government after the Israeli invasion of Lebanon. Before the war, the question was raised of liberating the occupied territories first and then studying how to link them to Jordan at a later date. But what is needed now is to study the details concerning the establishment of a union between the Kingdom of Jordan and the West Bank and approve it in the expectation that it will be carried out after the occupied lands are liberated. There is no doubt that the fears arising from the extremist policy followed by the Israeli government and the shortage of time are behind the rapprochement now taking place between 'Arafat and King Husayn. It appears that the Jordanian-Palestinian rapprochement based on these circumstances is a form of practical Arab reaction to the American plan which calls for the withdrawal of Israel from the West Bank and Gaza.

It is worth noting that this reaction is not completely in keeping with the decisions made at the Fez summit meeting held in September 1982. However, Jordan feels impelled to move and to do so quickly in order to surmount the threats and challenges presented both by Syria and by Israel. Israel officials recently stated on several occasions that "there is no place for a Palestinian state in the West Bank and Jordan is Palestine." Israeli Prime Minister Menachem Begin called for the establishment of a federation between the two banks. The Israeli government still insists on building more settlements in the occupied territories in disregard of international pressures and appeals by the American administration. The Israeli settlements are viewed as a genuine obstacle to efforts to bring peace to the Middle East. A moderate Israeli diplomat commented on this, saying: "The fall of Begin's government and the Labor Party's coming to power in Israel will not lead to any radical change in Israel's position on the question of achieving peace with the Arabs, for the Israeli settlements have become facts that cannot be ignored.

No matter what the intentions of the future Israeli government may be, that will not abolish the fait accompli."

The building of settlements will then be followed by the creation of integrated economic and administrative structures. In recent years, the economy of the West Bank became linked to Israeli interests and policy toward it. The problem now facing the PLO is that both the Palestinians and the Jordanians preceded it in resisting Israeli plans to annex the West Bank by their practical activity. It also fears, on the other hand, the concealed threats of the Syrian regime because of its rapprochement with King Husayn.

These threats and challenges alone are what impelled Yasir 'Arafat and King Husayn to bury their past disputes and open a new page in the bilateral relations.

However, this new dialogue did not begin without first encountering some difficulties. It was necessary for the Palestinian and Jordanian leaders to have 3 days of private talks before they agreed on the framework of negotiations and details of the discussions between them. The two parties still suffer from the profound negative repercussions of the September 1970 events. Palestinian-Jordanian relations are characterized at present by great wariness owing to the suspicions entertained by both Jordanian and Palestinian officials regarding the intentions of the other party.

The Jordanians tried to set aside their suspicions by opening their doors to some of the PLO fighters after they left Beirut. Also, Jordanian authorities granted a general pardon to the political prisoners who took part in the 1970 events.

Jordanian and Palestinian officials agree on the need to submit detailed proposals on ways of resolving the Palestinian question as a reaction to the American peace plan. But a real problem has arisen in this regard, the problem of authorizing King Husayn to speak in the name of the Palestinians because he is the one who will discuss the proposals with President Ronald Reagan during his visit to Washington. Husayn tried to obtain this authorization at the Arab summit conference held in Fez last month. However, his attempt failed because some of the Arab governments objected to it.

This time the Jordanians apparently prefer to await formal authorization from the PLO or the Arab governments before taking any practical steps in matters relating to the future of the West Bank.

The chief obstacle confronting the Palestinian leadership now is not the question of authorization but the nature of the ties which are supposed to develop between Jordan and the West Bank. The plan for "confederation" between the two parties is believed to be rejected by the United States because the existence of an independent Palestinian state in the West Bank would constitute in the eyes of the White House a direct threat to Israel's security. Likewise, such a state might in time be transformed, according to the views and statements of American experts and observers, into a radical entity that would perform some role in the Middle East! It is worth pointing out in this

connection that should the formula of the Jordan-West Bank federation come into being, the Palestinian state will have the right to determine its foreign policy and take appropriate measures for its defense. This is in accordance with customary law and international law currently in force. Therefore, the Jordanians and the Americans prefer to talk about a "federation" between the two banks of the Jordan in order to restrain the extreme inclinations and tendencies of some Palestinians.

It is unlikely this formula will be opposed by the inhabitants of the West Bank if they are convinced that America is serious about offering them some form of self-rule in their land.

But the last work on this matter awaits the Palestinian National Council, which is expected to hold its next meeting in two or three weeks. The place of the meeting will undoubtedly be regarded as a clear indication of the dominant tendencies in the council. If it is held in the Jordanian capital Amman, that will be construed as the Council's clear blessing of Jordanian-Palestinian interests and as support of the rapprochement taking place between Yasir 'Arafat and King Husayn.

The members of the council realize that time is not on their side either in the Arab world or in the international arena because of the many challenges confronting them and the closeness of the 1984 American presidential election.

Will 'Arafat succeed in solving these complex problems and imposing his point of view on the Palestinian National Council?

The next few days alone are likely to reveal the Palestinian reflection of its true nature, the extent of the rapprochement between the Palestinian and Jordanian leaders, and the possibility of their agreeing on the sensitive matters now under discussion.

5214

CSO: 4404/101

MUSCAT-ADEN AGREEMENT VIEWED

Riyadh AL-YAMAMAH in Arabic No 724, 3-9 Nov 82 pp 28-30

[Article by Mustafa al-'Aziz: "Conciliation, Finally!"]

[Text] After 5 days of intensive effort (from 23 to 27 October) the Democratic Republic of Yemen and the Sultanate of Oman signed an agreement, in which the principles for the normalization of relations between them were declared. It was signed in Kuwait, in the presence of the two countries' ministers of foreign affairs, and under the supervision of Shaykh Sabah al-Ahmad, the deputy prime minister and minister of foreign affairs of Kuwait, and the United Arab Emirates' undersecretary of foreign affairs, both of whom were charged with this mission by the Gulf Cooperation Council [GCC]. Profound satisfaction prevailed in Gulf political circles following the success of this mediation. What is the background of the dispute, the mediation and the agreement, and the future of Aden-Muscat relations?

Tracing the roots of the chronic disputes between the two sister nations, and their negative effects on the geo-political position of the Gulf region, guarantees justifying the stages stumbling and misunderstanding or understanding of each of the Arab mediations. The psychological climate between the two countries was sullied by the contradictory positions, in which the imperialist powers played a decisive role to prevent any rapprochement incompatible with their interests in this strategic region.

The Arab mediators' errand was long and difficult. It was begun by the Arab League in May 1974, but it failed to bring the two sides to the negotiation table. Then, Kuwait volunteered to break the stalemate, but it did not succeed. During the tenth Arab summit conference, held in Tunis in 1976, closely coordinated and sincere Arab efforts were made to bring the two opposing points of view together, but without result.

After that, the GCC decided to take this task upon itself. It selected regional diplomacy as the standard to learn the intentions of the two sides. In this framework, it tasked Kuwait and the UAE with cleansing the atmosphere and pursuing this difficult matter.

After prayers, trips and consultations, Gulf efforts reach the point of persuading the Adenis and the Omanis to meet in Kuwait on the senior foreign



ministry official level. However, Aden backed away on 3 June 1982 (i.e., 48 hours before the meeting) without giving any reason for this reversal.

A month after the dispute, the storm abated, and Kuwait was able to overcome the difficulties and bring the senior foreign ministry officials of the two countries around the negotiating table, in order to prepare for a meeting at the highest level.

Thus, silent diplomacy succeeded in bringing together the two disputing countries, and in preparing the circumstances and atmosphere for the current meeting of the two foreign ministers, 'Abd al-'Aziz al-Dali (Aden) and Yusef al-'Alawi (Oman).

The result of these recent discussions, as stated in the final communique of these negotiations, was "the signing of an agreement announcing principles among the parties concerned," which will be made public after it is ratified by both countries on 15 November 1982.

The Omani-Adeni conciliation agreement has considerable strategic significance, transcending the borders of the two countries. Most observers consider the short time period for final ratification by the governments of Aden and Muscat to be a severe test of the commitment and good intentions of the two sides.

Indicators of sincerity have been partially provided if we take into consideration the two ministers' recent statements, the winding down of the propaganda war between the two countries, and Aden's new position regarding "the Dhofar Liberation Front," which has spread terror and destruction along the borders of the two countries.

These indicators are considered a first step toward mutual understanding, cooperation and coexistence, to be followed by a bolder step, because it is tantamount to a challenge to the foreign aspirations and interests, which have been and still are working to widen the abyss of dispute between Aden and Oman since the beginning of the 70's.

Officials in the two countries are convinced that considerable dangers surround this agreement, and that the two great powers will not hesitate to destroy it, in order to protect their vital interests in the Straits of Hormuz and Mandab. Therefore, they decided to expedite ratification of it in a very short time period, not to exceed 15 days, during which it will be reviewed by the legal, consultative and party authorities in the two countries.

It is evident from the statements that followed the initialling of the conciliation agreement that the two nations understood the meaning of territorial and political sovereignty, that is, that independence of decision, as the political scientists say, stems basically from national interest and the interests of neighbors. The Adeni minister stressed this very point, when he stated: "One does not see any contradiction in this principle."

It is well known that the agenda, which was the cornerstone of the Kuwait agreement, including the following four points:

1. Non-interference in the internal affairs of each country, and respect for national sovereignty.
2. Discussion of the border issue and foreign presence.
3. Stop the media campaigns and verbal abuses.
4. Exchange of diplomatic representation between the two countries.

Despite the vagueness of the final communique, issued from the Kuwait meeting, knowledgeable diplomatic sources stressed that all the obstacles had been overcome, since the two sides have reached a final formula to solve all the pending problems. The next Gulf summit, to be held in Manamah on 9 November, will be able to evaluate the positive aspects of the historic Kuwait meeting.

Observers believe that the GCC has put all its political and moral weight (through Kuwait and the UAE) behind removing the roots of the dispute between Aden and Muscat, who have not been bound together by diplomatic relations since independence.

The Gulf wisemen themselves have a huge and thorny dossier, in which has been accumulated the plots of British colonialism and the aspirations and ambitions of the new imperialism. The various historical experiences, through which the countries passed, with British imperialism increased the misunderstanding between the two regimes and compelled them to choose mutually incompatible allies, America and the Soviet Union. This made things worse, because the two super powers found the region to be a fertile ground to stir up unrest, show their muscles and expand their circles of influence.

Because of the intense disputes between Aden and Muscat, which polarized them, Aden found itself signing a treaty of friendship with the Russians. Muscat responded with a decision to give the Americans military bases on Masirah Island, on the pretext that it was threatened by the Soviet peril.

More clouds gathered over the relations between the two sister nations, and the problem of the artificial border surfaced, which had been left behind by Britain as an oppressive legacy between brothers, when it left the land that it had been occupying. The whole world knows the importance of the Straits of Hormuz and Bab al-Mandab on the international strategic map, because they are two sensitive waystations, through which pass more than 60 percent of the non-communist world's imports of oil (more than 35 percent of America's imports).

A close reading of the Kuwait communique gives the observer a feeling that this matter found a satisfactory formula and a new spirit of dealing with it, without sensitivities.

The second matter that the Gulf wisemen worked to overcome and to eliminate its ramifications was the one pertaining to interference in domestic affairs and respect for national sovereignty. We are able to say that this matter has lost its intensity in recent years, after the revolution in the Dhofar

mountains was ended militarily in the beginning of 1976, and most of its leaders joined the legal government in Muscat to build the modern Oman.

"The Popular Front for the Liberation of Dhofar" was content with propaganda warfare, after the military war was lost, and to use other regimes, such as Libya, as a "Trojan horse" in the region. Then came Aden's recent decision to suspend the Dhofar Front's conference, which was to be held last June, in order to strengthen the atmosphere of trust between the two disputant nations.

If we add to this factor, the two countries' decision to stop the media campaigns between them which in fact was implemented last June, we have accumulated logical evidence to the effect that there is a sincere desire to end the dispute. Moreover, most observers think that the new course that Adeni President 'Ali Nasir Muhammad is following in steering his country's affairs is more realistic. He has begun to give priority in his policy to development and improvement in the citizenry's standard of living, and is determined to use diplomacy to settle the crises and disputes with his neighbors. Some Western diplomats in a report in the magazine MIDDLE EAST, point to the fact that President 'Ali Nasir has created a new psychological climate in order to benefit from the West instead of rejecting it.

The Arab World is on the point of being delivered from a source of tension which has continually threatened the security and integrity of the Arab Gulf, and reactions to the Kuwait agreement were optimistic as regards the future.

Accordingly, Saudi Arabia announced its profound satisfaction at this agreement. The Saudi ambassador in Kuwait expressed his wishes that "success and prosperity would always prevail in the two neighboring countries, and that peace will be maintained between them and among their brothers in the region as a whole." The GCC also commented on this event, to the effect that the nations of the GCC have proved capable of employing their capabilities for the benefit of all, and were capable of containing the disputes and bringing points of view closer together. This is considered a victory for excellent diplomacy, which played a considerable role in guiding the thrust of the talks between the two countries.

Various other Arab and friendly nations also expressed their profound satisfaction with the results of the Kuwait meeting between Oman and the Democratic Republic of Yemen.

Gulf diplomacy did in fact demonstrate its ability to solve difficult and chronic problems, when it encouraged Aden and Muscat to take the first step on the true course; the responsibility for the next giant step remains on the backs of the two sister nations, because what is bringing them together now is greater than the matters that were keeping them apart.

Are Aden and Muscat committed to the spirit of the Kuwait agreement?

All of us are waiting for 15 November 1982, the date for the exchange of ratification documents for the agreement, in order to learn the answer.

7005

CSO: 4404/98

ISRAELIS SAID INTERFERING WITH LEBANESE BANKS

Paris AL-MUSTAQBAL in Arabic No 294, 9 Oct 82 pp 40-41

[Text] The entry of Israeli forces into West Beirut on 15 September gave a new indication that Israel has been eyeing the Lebanese banking sector as it is a fundamental economic center and plays a distinguished role in the area and in the world as well.

Two days after this entry, Israeli forces deliberately concentrated on the banking row which is located in the heart of the business district. They converted some of the banks' offices into centers for themselves. At the outset, these takeover operations against the sacred banking body were under the pretense of occupying only the deserted offices that is to say those not open for business at the time, such as the French-Lebanese Bank and the First National City Bank, the latter being located in the Arab Bank building, in addition to several other closed banks located in the al-Sahnawi building along the same street.

When these endeavors began, contacts were established with the American side in the person of Maurice Draper in order to contain them and the underlying main goal. Sheikh Michel al-Khuri, governor of the bank, and the staff of the bankers' association initiated these contacts. There is no doubt these contacts and the American stand on the issue prevented further development of this act of aggression, especially since the Israeli forces were overtly concentrated in front of the Arab Bank whose deposits are characterized as being of certain Arab nature.

Israel's conduct did not come to a halt. It willfully undertook two dangerous actions: first, the occupation of the Commercial Bank of Lebanon which contains assets and bank accounts for Palestinians and the arrest of its manager without meddling at all with the documents. Second, the arrest of the manager of the Bank of Mesopotamia and his release a few hours later.

These overt arrests were dealt with in a calm manner and away from publicity fearing reactions on the banking level where confidence constitutes one of its elements of success.

Sparing the banking groups became possible due to American efforts. Even these actions did not achieve the desired goals, Israel's intentions raise the following points:

1. Israel looks with envy and rivalry at the Lebanese banking sector and harbours all animosity against it. This attitude was aggravated by the competence the banking sector showed during the events and its uninterrupted services even at the most intense period of the seige of West Beirut.
2. Israel's forceful entry into the offices of the Lebanese banks is reminiscent of Nazi tactics as practiced by Hitler's armies during the occupation of some Western capitals. The accusations which Israel so often levies, can now be pinned on Israel.
3. Israel's forceful entry into the offices of the Lebanese banks demonstrates to a great extent, its disrespect for the sanctity of private property and for economic freedom as has been proved by its readiness to provoke this freedom in any country and at any time it sees fit.
4. The Lebanese banking sector overcame this conduct and was able to contain its effects knowing full well that any provocation under military occupation does not constitute a threat to Lebanese security. All Lebanese banks have jointly resolved not to comply with Israeli demands, as has come to light recently through the stance taken by the banks.

9770

CSO: 4405/51

EXPERTS EXAMINE CAUSES OF PUBLIC LAXITY

Cairo AL-'UMMAL in Arabic 18 Oct 82 p 3

[Article by al-'Azab al-Tayyib al-Tahir: "An Important Study by the National Party about Laxity, which Pervades all Aspects of our Life"]

[Text] The reasons for this phenomenon, as seen by experts and officials, are: the lack of a suitable example; psychological barriers caused by high prices and low wages; the inadequacy of the law and lack of conscience; selfishness, illiteracy and the paucity of educational programs in the media.

This is an old issue and although discussions about it have been exhaustive, they nevertheless continue. They have even reached the point where a National Party member of the General Assembly asked the President about the issue. Despite the fact that thousands of statements and proposals have been made for specific programs to put an end to this phenomenon, it still pervades our daily life. The issue infests everything, like weevils. Mere clamoring over it and complaints about it are to no avail.

This phenomenon permeates all spheres of activity. Everyone groans and wonders when and how to dispose of it. It can be summed up in a single word: laxity, or neglect, which is the opposite of discipline. Who among us has not felt its all-pervasive impact seeping into virtually everything? In an attempt to explore this issue further, we at al-'Ummal present here an expose of opinions from various experts and government officials.

With or Without Entitlement

Dr. Sulayman al-Tamawi, the former Dean of the College of Law at 'Ayn Shams University and a member of the Advisory Council, believes that the causes of this phenomenon can be summarized as follows: noncompliance with official working hours (8 a.m. to 5 p.m.); exploitation of all kinds of leave, with or without entitlement, especially at times when there is a log of work to be done. It is strange, moreover, that if the worker or employee goes to work in another Arab country, he is considered a model of diligence in completing his job requirements, as well as working over-time. Dr al-Tamawi believes that the economic situation in this country renders the salaries of

the government and public sectors inadequate to meet the basic necessities of life. Therefore, workers have to seek other jobs, whether this is legal or not, to supplement their incomes and increase their ability to meet the burdens of life. All this is done contrary to the rules and regulations. In addition, the employee and the citizen look up to the higher ranks as role models. It is noted that the mass media concentrates only on scandals, petty violations and embezzlements. When the many poorly paid and economically disadvantaged employees read about these scandals, which are often exaggerated, and compare their situation to senior employees, or to former ministers who are accused of embezzlement or illegal gain (amounting to millions), these disadvantaged employees and workers who are under extreme financial pressure, find it justifiable to continue their own illegal procedures on the pretext that this phenomenon has become common practice.

#### Psychological Barrier.

A psychologist holds that the phenomenon of laxity can be attributed to a psychological barrier separating the employee and the job he performs. This could be due to several factors, such as; low salaries in relation to exorbitant price rises, while other economic groups like businessmen, contractors, brokers, owners of import and export companies, physicians, and other professionals enjoy adjustments in their relatively high level of income. There also exists an inequity in the distribution of jobs which results in assigning employees jobs that are not commensurate with their technical skills. There is also a diversity in the laws and regulations which are passed every year, which leads to the overlapping of laws and regulations dealing with a single issue. The remedy, in the view of this expert, is to breakdown the psychological barrier existing between the employee and the job by raising salaries, revising the rules and regulations, maintaining only the most beneficial ones, and severe punishment for those guilty of neglect and laxity.

#### Discipline Has Become a Rare Commodity

Dr Faruq al-Alfi, director of the Dimerdash Hospital, says that laxity is everywhere and the place that does not experience it is out of the ordinary. Without feeling in anyway limited by rules and regulations, each person, tries to achieve his personal goals, and this has led to the prevalence of a sense of indifference in the society. He contends that this phenomenon is all-pervasive in the health care sphere due to the lack of coordination among the health care sphere due to the lack of coordination among the health care services, the Ministry of Health, universities and health insurance groups. All these factors have combined to produce what is called "laxity."

#### Illiteracy Is the Cause

Dr 'Abd al-Hadi al-Ansari, head of the National Committee for the Eradication of Illiteracy affirms that widespread illiteracy is the primary reason for the prevalence of the phenomenon of laxity. The only solution to this problem is education and the eradication of illiteracy.

## The Social Problem

General 'Abdallah 'Abd al-Rasul, head of the Prisoner Care Association warns that laxity represents a danger for the whole society. The most visible signs, in his view, of this general laxity are the apathetic attitude among all employees and government departments, and the inability to take punitive action against them due to the absence of administrative leadership capable of implementing such penalties. In addition to this, the citizens do not feel that public utilities belong to them. He emphasizes the fact that the law alone is insufficient to correct this widespread problem. It is a social problem and its remedy should therefore, be of a social nature stemming from within the society. Each individual should start with himself and perform his duty, then urge those around him in the society to do the same. The study conducted by the National Party affirms that the problem of taxation manifests itself in everyday matters and leaves its immediate negative imprint on the various issues and problems that we face. It is not merely a matter of behavior and conduct, but also a violation of the law. The study illustrated many examples of laxity, among which are: the general lack of order and discipline on Egyptian streets; the cacophony of noise caused by car horns and loud speakers used in clubs, wedding celebrations, and funeral services; public exchange of obscenities; the increased incidence of certain types of anti-social behavior such as harassing women; chasing tourists in historic sites; using streets as playgrounds; firing shots and air guns in heavily populated areas; and the depositing of large quantities of building materials in the street at construction sites.

Car drivers, heavy trucks and pedestrians all fail to observe the traffic laws by such behavior as parking in no-parking zones, misuse of the horn, unwillingness to use the cross walks and elevated bridges, the abuse of public transportation facilities and riding on top of trains; and finally taxi drivers' violations of the rules governing fares.

The problem of provisions and markets; failure to abide by fixed prices; withholding goods from the market in order to drive up the price; subsidized commodities never reach the people who are entitled to them on account of the inefficiency and corruption of the co-ops.

Night clubs and cinemas do not enforce general rules and regulations, such as the prohibition on smoking and the use of profanity in public places.

Administrative laxity on the part of responsible administrative agencies is evident in the way they permit violations of the law governing building sites; in indifference toward the protection of public property; in the absence of initiative in confronting the illegal seizure of state land; in the corruption among agricultural co-op personnel; in the failure to observe safety rules such as leaving ditches and sewer manholes uncovered and neglecting the overflow of sewage; the failure of various establishments to observe the rules of civil defense and fire safety regulation.



## A General Problem

The study confirms that laxity is a phenomenon that exists in every society in one way or another, but it has permeated our society to an alarming degree, which indicates an absence of behavioral education and a sense of belonging.

The study adds other reasons for this problem, among which are: the apparent ineptness of the laws which are no longer effective, and the delay of court sentences in cases pertinent to the said violations until the statute of limitations runs out (even if the court gives its verdict, the execution of such decisions takes a long time); the total apathy of the administration of some departments and associations and their lack of supervision serious control, constant follow-up on their tasks and staff, and effective punitive actions against all violations made.

The study suggests several solutions: First, bringing laxity into focus; the executive, popular, and political organs of the society should give it their full attention. Second, the revision of rules and regulations in such a way as to insure the eradication of this problem. Third, providing suitable circumstances to discourage the citizen from breaking the rules. Fourth, general interaction between popular and political organizations and the public.

## The Mass Media is Responsible

Dr Ijlal Khalifa, head of Journalism, Faculty of Information, urges the eradication of this problem by giving more emphasis to social and behavioral education in schools in order to develop in children a set of values relating to the protection of the public interest. In this way we could rid ourselves of this attitude, which has afflicted so many people and manifested itself chiefly in the desire to make money through any means available and without any effort. In addition to this, the mass media should present programs that deal with these issues and suggest solutions according to a comprehensive educational plan to which all segments of the mass media contribute. Radio and television, for example can organize a campaign utilizing songs, drama, and serials. However, the lyrics of the songs should be instructional aids. Why would the drama focus only on the relationship between man and woman? Have all our problems ended save for this one? By adopting a sound plan, the mass media can educate the population.

## The Beginnings of a Solution

Dr 'Abd al-'Azim al-Mat'ani of al-Azhar University maintains that man has to feel that God is watching him before he senses that some truly responsible authority has him under surveillance. Man honors his responsibilities only if he feels that God knows what he is doing.

We believe that the various aspects of the problem are clear and that the path to radical solutions is equally obvious; but we apparently lack the initiative and the power, and that is what hampers us from reaching a comprehensive solution for the eradication of this problem. In this sense we are estranged from the problem, even though it is an intimate facet of our life.

12188

CSO: 4504/71

INTERVIEW WITH 'UTHMAN AHMAD 'UTHMAN

Cairo AL-WADI in Arabic No 43, Nov 83 pp 20-23

[Interview with 'Uthman Ahmad 'Uthman by Fayiza Sa'd; date and place not specified]

[Text] Is Sudan the back door for you to enter to regain your power in Egypt?

Did you leave Sudan after 7 months of rosy dreams?

Why did your projects not produce poultry, fish, and bread as you had promised?

His defense is as follows:

The bureaucracy in Sudan is the only obstacle I have!

If I were to yield in the face of the attacks, I would be content to [simply] go to Ismailia and go fishing.

What forced me to leave Sudan was the threat to close my companies in Egypt!

Before I pressed the button to start the cassette, 'Uthman Ahmad 'Uthman said to me: "I do not want to anger anybody!"

However, I was not fooled by this introductory statement which was an attempt to nip in the bud any heated interview with him, and I hastened to destroy this obstacle, which 'Uthman Ahmad 'Uthman had tried to place in my path, by making a series of statements which resembled the accusations which had been made against him both in Egypt and Sudan. I said to him:

[Question] It is not a question of you either angering anyone or making anyone happy. It is a question of what is being said concerning you and the attacks which you have been subjected to, even after you decided to transfer your experiment in national development from Egypt to Sudan.

They accuse you of considering Sudan to be a new means by which you can enter Egypt once again.

In Sudan they are afraid that your experiment will result in the emergence of new elements which will utilize the projects [only] for their own benefit.

They say that, after you have been in Sudan for more than 7 months, your dreams, ideas, and statements concerning national development there have not been transformed into anything tangible which could contribute toward alleviating the suffering of average citizens there. [End of question]

At this point 'Uthman Ahmad 'Uthman saw himself forced to talk at length and without reservations. He then talked at ease with me, and said the following:

[Answer] In order for my experiment in Sudan--or in any other place--to succeed, matters have to proceed in a simple fashion. One has to let matters take a normal course. If someone comes from Sudan and wants to invest his capital in Egypt, I should leave him alone, not investigate him, and not follow him around. But this is not what happens. What happens is that we make matters complicated for him. We ask him what he is doing here, what places he is going to, and how much money he is going to be paying. Sudan also suffers from the same bureaucracy which we have in Egypt. Sudan is part of the Nile Valley, and has the same problems and afflictions [that Egypt does]. Both Egypt and Sudan have the same type of bureaucracy. We say that we want integration. In that case, integration must proceed in a manner which is much smoother than it is proceeding right now.

#### Integration Is a Cure

I am certain that the charter of integration will deal with many matters. I said to President Numayri: "What kind of integration, what kind of committees, and what kind of agreement? Integration means that Egyptians will receive the same treatment in Sudan that Sudanese receive, and that Sudanese will receive the same treatment in Egypt that Egyptians receive."

Someone might say to you: "If this happened, the Egyptians would colonize Sudan, and the Sudanese would come and live in Egypt." [I would answer him as follows:] "Well, what are you afraid of? Why interfere? If an Egyptian goes to Sudan, finds life easy there, and cultivates a plot of land there, is he not serving both countries? And if a Sudanese comes to Egypt and works in the field of commerce here, is he not serving both countries?" Both Egyptians and Sudanese would run into problems concerning housing, residence, and settling [in each other's country]. These problems are enough for them, and they do not need any other problems created by bureaucracy.

Would you not be angry if someone shut a door in your face? Of course you would. How about a new company which finds that doors are being shut in its face? What this means is that development will immediately come to a halt. A lot of people, especially the authorities, say to you: "We will not give you authorization for the project until there has been a feasibility study. Also, who will your partners be? How much will your profits be? Where are you going to sell your goods?" All of this causes the project to immediately come to a halt. And it is for this reason that huge amounts of money either end up in places abroad or are spent on consumer goods. And this, in turn, causes inflation and a rise in prices.

During the past few years no new companies have emerged in Egypt. The reason for this is the new red tape which dominates investment establishments.

Let me say once more that unless things are made simple there will be no integration.

[Question] Have you had irritations of this sort in your experiment in Sudan?

[Answer] Well, many things have gone smoothly and easily, such as the National Development Bank. This is something which Egyptians have not participated in. The objective of the bank was to finance other national development companies. We also formed a national development committee. The bank emerged within 2 weeks, but at the present time it is unable to operate.

[Question] Why is this?

[Answer] Because of bureaucracy, and especially because of the people who do not know anything at all about projects. "All the smart people are working on the same project." These are people who have acquired the same complexes which people have in Egypt. In Egypt today it has become torture to start up a new project.

Let us say that you want to raise poultry. The Investment Commission and the whole government are supposed to make your job easy for you. Furthermore, they should inscribe your name in a scroll of honor because you are contributing toward solving the food crisis. But what happens is precisely the opposite. The people who get involved in the future of your projects are people who are so young that they are still wet behind the ears and have no experience at all. I am completely serious when I say this.

[Question] What are the restrictions which have been slapped on you by the National Development Bank in Sudan, even though President Numayri personally has given a great deal of encouragement to the bank?

[Answer] I am going to Sudan in order to find out why the bank has not made any progress so far, especially since the money was cut off 3 months ago. Maybe there are some simple problems involved. For example, maybe there are problems such as the Sudanese Central Bank not giving an authorization. It was necessary for the bank to begin operating immediately so that the other projects could get moving.

In Egypt the bureaucracy is worse than it is in Sudan. Sudan should have learned from our experience and not repeated our mistakes. But if every project is going to go like this, then how are the other projects and the goals of development going to be realized?

I had been thinking that any project which we had implemented in Egypt could be implemented in Sudan within 6 months. We should have been able to benefit from our experience. This is especially true since the Sudanese are the ones who were going to implement the projects. They are more suitable to do so, and they are the ones capable of doing this. If they lacked money or expertise,

the bank was going to provide the money to them [and they would also get the expertise]. I am saying this because I dearly love Sudan and because Sudan is the key to Egypt and to all of the other Arab nations. Although the Arabs do not realize [the importance of] Sudan now, they will later on. Sudan is the treasure house of the Arab world and of Egypt, especially with regard to food supply. The whole operation requires boldness.

[Question] Has the establishment of the other companies been affected by the fact that the Development Bank is not operating?

[Answer] No. Things are moving along with the companies, and right now we are establishing a large company whose capital will total \$300 million. And there is another company which is even larger and concerning which studies are still being conducted.

However, I am sad about the fact that I have found that some of my successful companies in Egypt are being threatened with having to cease operations. I have come to stay in Egypt in order to save them. But this has caused the companies in Sudan to cease operations. The attempt to stop operations of the companies in Egypt has alarmed these companies' shareholders, and it has affected the entire activity of the market.

[Question] The Sudanese were very optimistic when you went to Sudan, but then they felt frustrated when a period of time went by and there was no achievement. This is especially true with regard to the prices of foodstuffs because you promised that these prices would be lower. What comments do you have about this?

[Answer] Did we not go to Sudan and try to do something? The bank was not able to operate, and it should have been able to do so. It was supposed to be able to conduct its operations starting now. It really was supposed to!

[Question] In Sudan they are saying that the attacks mounted against you in Egypt were clearly partly responsible for your projects in Sudan not operating. What is your opinion about this?

[Answer] These attacks will not stop, and they will be directed against other persons besides myself. They will be directed against any hardworking person. This is the law of life. If I were affected by such attacks, I would not be where I am today.

[Question] In Sudan they are also saying that the Sudanese man in the street wanted to see your projects achieve quick results so that he could feel enthusiastic about you and support your projects. What are your comments about this?

[Answer] I am more enthusiastic about the achievements of these projects than is the Sudanese man in the street. I even said that the poultry companies would bring in chickens and fodder from Egypt by air. I have the experts, I have the companies, everyone's expenses would be covered; none of them would be seeking profit, nor would they even expect travel allowances. I am

confident that results would have been quickly achieved and that costs could have been cut.

#### The Young People in Egypt and Sudan

[Question] What projects have you settled upon to engage in in Sudan?

[Answer] The most important of my projects is the poultry project in Khartoum and in other places. There are also the projects involving egg production, fish, and refrigeration plants for the storage of foodstuffs. I also want to encourage Sudanese farmers who live next to the cities to plant crops and raise animals. Food supply marketing companies can be financed. Then we can concentrate on the young people's farms. I want young people from Egypt to work with young people from Sudan at these farms. Each farm would have 70 young people who are Sudanese and 30 young people who are Egyptians. We could help them, they would have a 1,000-feddan farm, and it would belong to them.

Then we are interested in expanding the amount of land cultivated in Sudan, and we want to begin to plant crops that are necessary for Egypt, Sudan, and the other Arab nations. We have made a study of all of these projects, and we have enormous resources. We also want to establish a transportation company and oil presses.

[Question] Have you been in touch with the National Development Committee in Sudan all along?

[Answer] Yes. We have been in touch with them all along, and they came to Egypt. Also, twice we sent our people [to Sudan] to see them.

[Question] Do you believe that the new apparatus of integration will facilitate the process of development?

[Answer] Without any doubt. It will provide strong momentum for development, especially in Sudan. I have not read the entire [integration] charter. However, I have seen that the charter involves easy terms, and I am in favor of easy terms. We can assume that the charter will give me 50 percent easy terms or at least 20 percent easy terms. This is good. It is true that I am asking for 100 percent easy terms, but I am in favor of any easy terms that I can get. This is why I am optimistic. As long as easy terms are provided, there will be achievements and success, and there will be real development. It is very important that there be easy terms.

#### The 1-Million-Feddan Project

[Question] Recently you visited a number of Arab nations in order to get them to finance the 1-million-feddan project in Sudan. What was the response on the part of these nations?

[Answer] I really did go to these countries, and their response was very, very good. In fact, I asked for financial aid. They actually demonstrated

their willingness to provide such aid, and said to me: "We will help you. Let us see which Arab nation is going to import what, and we will comply with its requests."

[Question] Is this project similar to the al-Salihiya project?

[Answer] No, it is better. The reason for this is that I spent 2,000 [Egyptian] pounds per feddan on the al-Salihiyah project.

Irrigation here in Egypt is pivotal irrigation because of the lack of water. In Sudan the expense per feddan is only 200 [Egyptian] pounds because God has been generous with the rain which He had provided to Sudan and there are no problems concerning the land.

Irrigation in Egypt requires electricity. In Sudan there is natural irrigation. All that the land needs is seed and someone to take care of it. There are more than 100 million feddans of land suitable for agriculture in Sudan. We are going to go into the [outlying] territories. [Our] experts are both Egyptians and Sudanese. The most important thing is the studies made concerning the project. And it is possible for the World Bank to finance the project.

#### Amending the Laws

[Question] You have said that it is necessary that the laws be amended in order that your projects be successful in Sudan. Has this taken place?

[Answer] Of course, these projects require that many laws in Sudan be amended. President Numayri has issued some republican decrees and referred them to the National Assembly. The National Assembly has promised to provide large-scale easy terms for these projects by means of amending some of the laws.

A Sudanese should be exempt from customs duties and fees for 10 years if he undertakes any project. He should be given some privileges. For example, he should be given a free plot of land. Then we should tax him after this 10-year period. Someone might say: "What benefit does the nation get out of this?" The answer is that the feddan of land that he has cultivated is producing something which is being added to the national income.

Also, what this feddan produces will solve the food supply problem which the government is suffering from.

Concerning the bank, President Numayri has issued a republican decree and it has gone to the Sudanese National Assembly. According to the decree, the bank would be exempt from all fees and taxes for a period of 10 years, beginning with the time that the bank begins operations. [This would also apply to] all companies originating with the bank. Why should the Sudanese be afraid of this? Why is it that [only] foreigners have everything made easy for them and people are anxious to please them?

[Question] In your view, how can we initiate real integration between Egypt and Sudan?

[Answer] There can be no real integration unless it is in the mutual interest of both parties.

[Question] There was an immediate reaction in Sudan after the attacks which Egyptian newspapers launched against [you]. They have been saying that 'Uthman Ahmad 'Uthman fled Sudan, that he is not going to do any work [in Sudan], and that he wanted to regain his power in Egypt rather than [working in] Sudan. What do you have to say about all this?

[Answer] If I really believed all of this, I would drop everything and go to the Buhayrat al-Timsah [near Ismailia] and go fishing. By God, I have been telling the Sudanese that I will sell them chickens for less than 3 [Egyptian] pounds. But circumstances forced me to leave Sudan when I saw that people were tearing my companies apart. They are development companies, and there are 60 of them. I had to stay in Egypt and defend my companies. When a company goes bankrupt, this means that the whole Egyptian economy is being ruined.

Also, I have not been encouraged by the business with the bank in Sudan. Why is this? In the case of the Suez Canal Bank, we gathered its capital within 5 days, got two rooms on the top floor of the Cairo Bank where we worked, and then we got ourselves a separate building. But it is all right. All of that will get better. For example, I cannot forget that President Numayri came and visited the al-Salihyah project during the month of Ramadan when it was very hot outside--a time when a great many Egyptian officials refused to visit the project.

[Question] When do you expect these projects in Sudan to bear fruit?

[Answer] They will get started before the end of the year.

[Question] In 2 months?

[Answer] Why not?

[Question] You are very optimistic.

[Answer] Yes, I am very optimistic indeed.

9468

CSO: 4504/70



## BRIEFS

SUPPLIES FROM EAST, WEST--Western diplomatic sources stated that Iraq has recently begun to obtain both western and eastern military equipment. These sources mentioned that the United States is now providing Iraq with satellite photography to help the Iraqi Air Force recognize Iranian army movements. Britain is supplying Iraq with advanced spy equipment. France has sold Iraq a number of Mirage aircraft, air defense equipment of the Roland type, and Exocet missiles. After a noticeable delay from the Soviet Union, Moscow recently provided Iraq with twelve MiG-25 aircraft and other military equipment. The diplomatic sources state that other western and Soviet equipment was shipped to Iraq from Egypt, Jordan and a third Arab nation, which these sources refused to name for military and political reasons. [Excerpt] [London AL-HAWADITH in Arabic No 1355, 22 Oct 82 p 10] 9605

CSO: 4404/81

ALIGNMENT MK'S REJECT SETTLEMENTS UNDER JORDANIAN RULE

Tel Aviv YOMAN HASAVU'A in Hebrew No 28, 22 Oct 82 p 13

[Survey by Adar Kaisery: "Knesset Members in Alignment Take Exception to Peres' Remark on the Possibility That Jewish Settlements Will Remain Under Jordanian Rule"]

[Text] We approached 12 Knesset members of various factions, who make up 10 percent of the members of the Knesset, with the question: "Do you associate yourself with the remarks of Knesset member Shimon Peres, that there will be no need to dismantle Jewish settlements in Judaea and Samaria, since these can continue to exist under Jordanian rule?"

A decisive majority of the respondents, including Knesset members from the Alignment, rejected the idea of MK Peres.

Their responses follow:

MK Ya'akov Jacques Amir (Alignment): I cannot accept Peres' remarks. Jewish settlements should be under Jewish sovereignty. I won't go into detail. During deliberations in the chambers of the Labor Party, I shall express my opinion.

MK Eliyahu Shpeiser (Alignment): Even according to the concept of the Labor Party, boundaries will be established only after arrival at a peace treaty--not a single day before hand. It should be borne in mind that according to the Alignment platform, the Jordan Valley, Gush Etzion and additional locations, will remain under full Israeli sovereignty, and in addition there will be security zones established as needed.

MK Shlomo Hillel (Alignment): I first heard this idea of leaving Hebrew settlements under foreign rule from the prime minister, Menahem Begin, who was referring to our settlements in the Sinai. At that time I opposed this negative idea, and today as well when its advocate is Peres--I continue to oppose it. The last who are permitted to criticize this idea are those who invented it: members of the Likud.

MK Shevah Weiss (Alignment): I favor the Allon Plan, that is, for territorial compromise. There exists a demographic reality. Thus, the idea raised by Peres is possible, but why was it necessary to proclaim it. Additionally, I don't wish to join the attackers of Peres, who in these days has become a dart board for all of them.

MK Tamar Eshel (Alignment): Basically, I am not opposed to dismantling of settlements. Yet, I do not think that we shall be able in the future to guard every Jewish settlement within the borders of the State of Israel. I also can envision Jewish settlements within the territory of Jordan, as the Likud wanted to arrange with regard to Yamit and its environs. In my view, everyone is talking too much. Before any negotiations we must not expose our position. It would be better from a tactical standpoint for Peres not to say these things.

MK Haim Drukman, deputy minister of religions (NRP): Why is Peres sowing confusion; how can Jewish settlements exist under the rule of Jordan? We are not going to hand over Judaea and Samaria and Gaza to Jordanian rule, or to any other Arab rule. Peres comes up with new ideas every dawn.

MK Yitzhaq Zeeger (Likud): I go along with the first part of Peres' remarks that "there will be no need to dismantle Jewish settlements in Judaea and Samaria." But I wipe out other remarks about Jordanian rule. This is where we part ways.

MK Hanan Pored (Hatehiya): Any knowledgeable person who understands the goals of the Arab population, should understand the proposal of Peres. That's how the thing began in the Yamit District: first, they said that the settlements in the Rafiyah Pass would not be dismantled but would remain under Egyptian sovereignty, but in the end they were dismantled. The response of the government must be one and only: Jewish sovereignty over all of Judaea, Samaria and the Gaza Strip. Autonomy will not solve the problem.

MK Yigal Cohen-Urgad (Likud): I identify only with the first portion of Peres' remarks. Judaea, Samaria and Gaza will continue under Israeli rule, and sooner or later under Israeli sovereignty, through granting of autonomy to its Arab inhabitants within the framework of Israeli sovereignty. The severity of Peres' remarks is that they are apt to encourage outside forces to pressure Israel toward abdicating our rule in Judaea, Samaria and Gaza.

MK Meir Wilner (RAKAH): I totally reject the remarks of Peres, for the Jewish settlements in Judaea and Samaria were established with the help of the forces of our conquering military. Thus, these settlements have no legal status whatever and they should be dismantled just as Yamit was dismantled, if peace is desired.

MK Sara Doron (Likud): I was virtually thunderstruck when I heard Peres' remarks. He is a plaything in the hands of the enemies of Israel through such pronouncements.

MK Dror Zeigerman (Likud): I do not subscribe to Peres' remarks. In principle I am prepared for a territorial compromise in exchange for peace. That depends upon the degree of peace which we shall attain. The more parts of Israel that we settle, the more areas will remain in our hands.

8090

CSO: 4423/32

## ISRAEL

### AGREEMENT TRANSFERS COMPUTERS TO SOVIET UNION

Tel Aviv HA'ARETZ in Hebrew 2 Dec 82 p 1

[Article by Yosi Melman: "Israel Signed Agreement To Sell Computers to the Soviet Union"]

[Text] London--1 December--(Special to HA'ARETZ). Israel has signed an agreement to sell computers to the Soviet Union. A newsletter on foreign affairs published in London--reporting on this--writes that the agreement was concluded with Finnish companies controlled by the Soviet Union.

According to the news item, since the war in Lebanon, Finland has been serving as a meeting place for renewed contacts between Soviet diplomats and Israeli representatives. The Soviets, it was said as well, hope by these contacts to get assistance through Israel's technological skills in the production of computers. Recently, therefore, Soviet representatives in Helsinki have turned to Israeli representatives and asked to buy computers and electronic equipment.

The item said also that the Israelis understood that the Soviet Union is interested in acquiring not only industrial electronic equipment but also electronic systems for military use.

When the United States learned of the contacts, she warned Israel not to violate the embargo that Washington had imposed on the sale of advanced technology and expertise to the Soviet Union and Eastern Bloc countries. In the course of the negotiations, the Soviets proposed that the deal be made between private companies from Israel and Finnish companies controlled by the Soviet Union, and that the electronic equipment be paid for with Soviet merchandise. Israel, the item noted, agreed to open a loophole for trade relations with the Soviet Union and signed an agreement to start selling computers, although not advanced models and in small quantities.

CSO: 4423/52

AGRICULTURE SAID DECLINING DUE TO GOVERNMENT POLICY

Tel Aviv 'AL HAMISHMAR in Hebrew 15 Oct 82 pp 4, 10

[Article by Yosef Galili: "Agriculture in the Vice of Policy"]

[Text] The political failure has overshadowed the failure in the area of the economy and agriculture, even though the latter failure is no less serious than the former. The Ministry of Agriculture has no clear policy on the matter, which is ruining agriculture from within even more.

The war in Lebanon, its objectives and failures, have focused public interest on the political-security arena. But the national failure in the area of economy and agriculture is even more serious than the political failure. The agricultural sector was seriously hurt in recent years, and without stable profitable agriculture, we cannot even dream of economic independence, much less of total self-sufficiency in food production--according to Ezra Rabin, coordinator of the economic department of Kibbutz Artzi.

Without any clear planning and policy it is no wonder that agriculture has encountered serious problems. Despite the fact that agronomists have succeeded in their efforts and have achieved higher yields in several branches, the profitability of these branches has decreased significantly, and the farmer's income has declined. In addition a freeze has been noted in investments and in the scope of agricultural export.

Among the many reasons for this situation, Ezra Rabin noted the absence of an articulated balanced economic policy in the government and in the Ministry of Agriculture in the last 3 years. The production branches cannot operate in an economy in which the economic-agricultural policy is unplanned and moves up and down like a pendulum. Without a firm policy on matters of recession, inflation, financing and investments in research and development, agriculture cannot be pulled out of its crisis: galloping inflation of 130-140 percent per year distorts considerations and behavior of the agricultural sector. The producers, who have suffered risks and disappointments, are facing a change in the precedence scheme of the external system--instead of encouraging the production effort, the government and Ministry of Agriculture are discouraging the farmers. This dismal picture has characterized the Israeli economy over the last few years in both the agricultural and industrial sectors.

## People Are Leaving the Production Circuit

The freeze in growth, investments and in research and the continued decline in the profitability of the branches are causing many farmers to leave the production circuit. For example: there was a 3.6 percent deterioration in the conditions of agricultural trade. In 1981 the deterioration deepened and reached 6.1 percent. The point is that the prices of agricultural products increased by 121 percent a year ago, but the prices of agricultural input increased by 136 percent. The same tendency continued last year, and according to the official statistical data, the inflation rate of expenses in 1982 was greater than the rate of increase in prices and the compensation that the farmer received for the fruit of his labor.

An identifying mark of a flourishing and expanding economy is the level of investments. It determines the readiness of the farmer to take risks, to increase production and to enter new areas. A lack of government encouragement hurts the entire economy.

Ezra Rabin used the following recently published data to illustrate his points: in 1981 investments reached only 10 percent of total national income as compared to 25-30 percent annually in the year 1970-1976. The statistics show that in 1981 there was a 2/3 drop in additional investment, as compared to only 1/3 in the years 1970-1976. The direct result was an increasing pull-back from employment in production. Who would invest in production areas when only this month (according to the data of the Central Statistic Office) stocks went up an average of 223 percent as compared to 132 percent.

The significance of the two sets of data, Ezra Rabin emphasized is the upsetting of the balance of a sound economic system, in which the primary resources are directed toward the production sector: industry, agriculture and tourism. In our case the precedences have been distorted--the stock market is given preferential treatment and the productive sector trails at the back of the line.

## Agriculture Is Sensitive To Changes in the Market

Within the production sector agriculture is the most sensitive and problematic. This is a worldwide phenomenon. Problems such as surplus product, competition from imported product dumping, the matter of subsidies, the farmer's low level of income, catastrophes and natural disasters which occur almost every year in various areas and crops--make agriculture more sensitive to changes which occur in the markets. If we add to that arbitrary policies which do not consider agricultural problems over the long range, we can understand the position of agriculture and farmers over the last several years.

The success of Israeli agriculture, which is one of the world's youngest, is the result of three co-occurrent factors: long-range planning; a regulated and supportive policy; and the fact that the farmer stayed on his land. Damage to the first two factors endangers the stability of the human factor, especially in Israel, in which the abandonment of farming strikes at the

country's national and social fabric. The Ministry of Agriculture pays insufficient attention to the future of agriculture and devotes insufficient resources to the research and development of new crops.

Farm animals account for 40 percent of the agricultural layout. In a report published by the Ministry of Agriculture's planning authority in June, 1982 it was stated: "The farm animal branches have been subjected in recent years to conditions of instability because of the polar changes that have occurred in the subsidy strategies since 1979." The conclusion is well-known and even documented in the same report: "The fluctuation between high and low subsidies changes the public's consumption norms and requires the growers to hold production equipment without exploiting it or being able to exploit it." The effort of many years to reach a level of professional accomplishment is being hurt as a result of the lack of a consistent policy.

"It is worth pointing out agricultural subsidies are a vital tool in all developed countries including the United States. Subsidies are intended to ensure two basic goals--a regular supply of fresh produce of consistent quality to the entire population and a decent standard of living for the farmers," Rabin added.

In the above-mentioned report it was also stated: "The tendency toward a decline in the relative income of those employed in the farm sector is continuing...." In 1981 it was at the level of 74.2 percent of the income of the average nonagricultural employee. This is the official estimate; in reality it is lower, reaching down as far as about 40 percent of the income of the average nonagricultural employee.

#### The Farmers' Nemeses

Most economists today agree that the treasury has no clear policy and is lacking a budgetary framework. Without it, it is impossible to formulate economic policy much less agricultural policy. The treasury, Ezra Rabin claims, has gotten into areas that do not belong to it but to the Ministry of Agriculture. Instead of setting up a budgetary framework for subsidies and leaving it to the Ministry of Agriculture and the growers to carry out the details, it has been undermining long-established work priorities.

In summing up the agricultural situation in Israel, Ezra Rabin noted the following data: a decline in cotton prices and profitability; a decline in the profitability of the citrus branch (as a result of which there has been a disturbing elimination of orchards); upheaval in the flower branch; a decline in the value of European currencies relative to the dollar and the political isolation of Israel in Europe and the world. In his opinion, all of these things endanger our future development as an agricultural exporting country.

There is no proportion in the division of resources, means and budgets for settlements in thinly populated regions in the Negev, the Arava and the Galil (the areas of the Green Line) as compared to the wasteful burdens directed to "settlement" as it were in Judaea and Samaria in the heart of a dense Arab population.

New settlement core groups of the pioneer movements are waiting for institutional decisions about areas of settlement that were authorized and planned a long time ago. As we said, the precedence arrangements adopted by the government are continuing to hurt the settlement industry in the underpopulated areas still within the "Green Line." That was Ezra Rabin's response to my question, with the additional comment that the topic requires separate treatment.

9794

CSO: 4423/34



## IMPROVEMENT NOTED IN AGRICULTURAL SECTOR

Tel Aviv 'AL HAMISHMAR in Hebrew 17 Oct 82 p 4

[Text] The joint authority for agricultural planning and development of the Ministry of Agriculture and the settlements section of the Jewish Agency recently published a pamphlet entitled "The Branches of Agriculture in the Year 1982." The pamphlet contains statistics about agriculture last year as well as water consumption and even forecasts for 1983. The statistical information was gathered by the director of the Item Planning Branch in the Ministry of Agriculture, Y. Goldin.

The population in organized Jewish settlement in 1982 numbered 412 thousand people, broken down as follows:

Moshavim (cooperatives)	140,000 inhabitants
Kibbutzim (collectives)	123,000 inhabitants (61.3 thousand of whom are members and candidates)
Moshavim Shitufim (collective cooperatives)	8,036 inhabitants

There are no statistics in the pamphlet on other "agricultural" populations. Nor is there information on the number of salaried workers in agriculture or on the Arab rural population.

In the collective settlements, that is in the Kibbutzim and the Moshavim Shitufim, there are 32 economic units. The number of economic units in the Moshavim is 26,000 [sic]. Despite the fact that the population in the collective settlements is smaller than that of the Moshavim, its number of economic units is larger. This can be explained by the "solidity" of the family economy as opposed to the flexibility of the collective economy. The Moshav movement has become more aware of late of the possible depression of income, and the first steps have been taken toward industrialization of the Moshav in order to keep the population from leaving.

The main production elements in agriculture are land and water. Arable land area in 1982 reached the 4.3 million dunam mark, of which about 2.5 million dunams are irrigated (as compared to 2.4 million dunams in 1981) and 1.8 million dunams are unirrigated (as compared to 1.9 million dunams in 1981) and natural pasturage is 1.2 million dunams (as compared to 1.1 million dunams in 1981). Intensively worked irrigated land grew in 1982, while unirrigated land decreased.

Land use was divided in 1982 as follows: field crops--1.64 million dunams (as compared to 1.6 million dunams in 1981), planting--760,000 dunams (as compared to 738,000 dunams in 1981). And pisciculture--38,000 dunams (as compared to 40,000 dunams in 1981). The original Ministry of Agriculture plan called for an increase in irrigated land by about 50,000 dunams, but the plan was not implemented because of a lack of water and because of financing difficulties.

#### Increase in Water Use

The use of water for agricultural needs in 1982 reached 1.3 billion cubic meters (as compared to 1.2 billion cubic meters in 1981). In 1983 a decrease in water usage is forecast to the level of 1981. The main reason will be the real increase in the price of water.

The water-intensive branches of agriculture are, of course: citrus, which consumes about 313 million cubic meters per year; cotton, which consumes about 264 million cubic meters per year; and other plantings, which consume about 253 million cubic meters per year.

#### Annual Water Consumption in Agriculture in Millions of Cubic Meters

Year	1979	1980	1981	1982	1983
National Consumption	1,242	1,187	1,199	1,270	1,186

#### Increase in All Branches of Production

Uncertainty has been the line characterizing the Ministry of Agriculture's policy since the assumption of power by the Likud.

It finds expression in the matter of subsidies for milk, eggs, the meat of fattened cattle and poultry. The Ministry of Agriculture's inconsistency has hurt these branches, especially in the Moshav-family economy. The collective economies are, by their nature, protected against administrative blows, but they, too, in recent years have operated on the threshold of profitability.

The herd of dairy cattle grew in 1982 to about 32,000 head (as compared to 21,500 head in 1981). The production of milk increased in 1982 by 7 percent--686 million liters, as compared to 640 million liters in 1981.

The poultry industry also registered a gain in output in 1982--1.1 billion eggs, as opposed to a billion eggs in 1981. Meat from fattened cattle reached 132,000 tons in 1982, as compared to 129,000 tons in 1981--a growth of about 2.8 percent. Significant growth--18 percent--was registered in the production of turkeys (52,000 tons in 1982 as compared to 44,000 tons in 1981).

The citrus planting area in 1982 reached about 400,000 dunams, of which 360,000 were of fruit-bearing trees. The forecast for the coming years is dismal: the uprooting of many orchards is expected because of low fruit prices in Europe. The area of avocado plantings (fruit-bearing) increased in 1982 to 55,000 dunams--a growth of 11 percent.

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LARGE MIGRATION FROM DEVELOPMENT TOWNS REPORTED

Tel Aviv MA'ARIV in Hebrew 21 Oct 82 p 8

[Article by Yehuda Goren: "Eighty Thousand Left Development Towns from 77-81"]

[Text] According to the director of the Steering Center, "only 80,000 have joined, a disturbing emigration phenomenon. In 1977 the development towns in Israel numbered 326 thousand people while in 1981 they number 375,000 people total, including natural increase. A total of 80,000 people left the development towns during this period and only 80,000 moved in. The director of the development towns' Steering Center Zohar Gindel said yesterday that these figures are "extremely worrisome."

Mr Gindel reported these details in a session held in the town of Netivot in the Hegev with the participation of development town mayors and representatives of government ministries.

"Last year only 10,000 people became interested in development towns while in the preceding year 15,000 did. Last year 2,755 families got the urge while in the preceding year 3,175 families did," Zohar Gindel said.

The Steering Center director noted a number of disturbing and negative phenomena in Israel's development towns: several mayors are not sufficiently aware of negative phenomena in their areas; lack of employment and housing; a layer of managers who work in development town plants but live with their families in the big cities; a splitting of development town concerns among too many authorities such as the Ministry of Construction and Housing, the Steering Center, the settlement movements, the Jewish Agency and others instead of concentrating them in a single institution.

Most of the development town mayors who spoke at the conference yesterday emphasized that the government should devote equal attention and resources to the old-time development towns and the new settlements in Judaea and Samaria. The mayors of the Negev towns complained about the fact that IDF estimates in the Hegev after the Sinai evacuation were disappointing with regard to the settlement of regular army families in the Negev.

The participants in the conference reached a number of decisions on how to promote the development town issue.

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CSO: 4423/34

RELIGIOUS FIGURES DEBATE MUSLIM-JEWISH INTERMARRIAGE

No Numerical Data

Tel Aviv YOMAN HASHAVU'A in Hebrew No 29, 29 Oct 82 pp 36-37

[Interview with Rabbi Yosef Yashar by Esther Heyn-Barzilay; date and place not specified]

[Text] Rabbi Yosef Yashar, chief rabbi of the city of Acre, decided to speak out and be silent no longer. In his opinion, the issue of mixed marriages between Jewesses and Arab in Acre has become a national and social problem requiring attention today. "Tomorrow will be late, for woe to the nation in which hybrid children are born, divided in identity and nationality as a result of the marriage of Jewesses and Arabs."

The chief rabbi of Acre (34) therefore decided to bring the problem out of the deep freeze in which it has been left, to scream, to fulminate and thus to end the silence, the indifference and the lack of concern of specific elements in connection with this phenomenon.

[Question] Mixed marriages between Jewesses and Arabs have existed for a long time. Why raise the problem today?

[Answer] Correct. This phenomenon has always existed, and is only natural with regard to a mixed city. If, up to now, the dirt was swept under the rug because it was more comfortable than confronting the problem, I decided to raise the rug and bring the truth to light. I hurt for and have compassion with the Jewesses married to Arabs, but more than that I fear for the future image of Israel and for the image of the nation which harbors hybrid children.

[Question] Do you have numerical data which indicate an increase in the dimensions of the phenomenon?

[Answer] Regrettably, we do not have numerical data, owing to the lack of registration. When I first came to Acre from Eilat 2 years ago, I innocently thought that there are isolated instances. But when I delved and investigated the matter, I reached the conclusion that the problem is more serious. I do not have numerical or written facts, for these couples do not come to us to register for marriage, but the existing situation is enough to cause us worry.

The Muslim Qadi of the Shar'iya Court in Acre, Muhammad Hubayshi, told me of five instances annually which are registered with him, but in my opinion he has underestimated intentionally in order to reduce the dimensions of the phenomenon.

From information reaching us today, it appears that this is a phenomenon of particularly appalling dimensions, not only of couples who have married within the recent past, but also that of meetings and mixed parties between Jewesses and Arabs, and from there to marriage the road is short. As I mentioned, we get verified information about this and that girl who married Arabs recently and as a result of my feelings about this information and about other things I mentioned, I am permitting myself to state that this phenomenon is appalling in its scope.

#### To Issue a Joint Proclamation

[Question] Some time ago you announced that you would work in cooperation with Muhammad Hubayshi to ban these marriages. Does the Qadi support this proposal of yours?

[Answer] During a meeting which he had several months ago, attended by an additional number of rabbis, we raised the question of mixed marriages, we requested to know how many Jewesses come to him to convert to Islam in order to marry. He spoke in low numbers, as was mentioned, and indicated five cases. Muhammad Hubayshi argued in our presence that he, too, is opposed to these marriages and that the Muslim community itself does not encourage mixed marriages, but that he is powerless to intervene. As the spiritual father of the Muslim community in Acre and in the Galilee, he is known to me to be a person with magic influence over his community and I therefore requested of him to issue a joint and impassioned proclamation in Hebrew and in Arabic to both communities and to denounce these marriages. But his response was evasive. He said that he would have to consult with, supposedly, those above him. In essence, I can't blame him for this evasiveness. In the final analysis, the problem is ours, not his. And as it is said, it is a good deed among Muslims to marry a Jewess, and who would forego a good deed?

The problem of marriage of Jewesses and Arabs in the State of Israel is a thorn in the side of the Jewish society in Israel. Our uniqueness as Jews living proudly in their own land, is being undermined before our very eyes by the erosion of mixed marriages. If there is no curb on marriages of Jewesses to Arab in Acre, there will come about an elimination of Jewish families in the city, and it is worth curbing this before the elimination continues and expands, before the things becomes a great holocaust.

[Question] Do the Jewish girls who marry Arabs come from a specific social stratum?

[Answer] At one time, the dissolute and the street walkers were particularly prominent. They would marry their Arab pimps. Even today, the situation has not changed much. The Jewesses who marry the Arabs are counted among the problem population. Young girls from broken homes who are easily trapped by

the Arab predator. I'm not saying that among them there are not girls from "good homes" as well. A year ago we were shaken by the news that a girl from an observant home had married an Arab.

#### Mixed Education--An Offense Bordering on Disaster?

[Question] Is it possible that the school education and the home are handicapped by a lack of knowledge regarding this issue?

[Answer] Definitely. Every problem has a background the deeper I delve into this problem; I find that within a few more years the phenomenon will grow to proportions of national disaster. We are sowing the seeds of catastrophe with our very own hands. Take the area of education, for example. I don't know what is happening in this area in other cities, but in Acre there is mixed education. From the beginning of kindergarten a Jewish daughter plays with an Arab boy, and afterwards studies with him in elementary and secondary school. They go out together, and finally, because of the atmosphere of "togetherness" they are apt to marry. The mixed education, in my view is the offense bordering on disaster. For Arabs as well. Instructing Arab pupils in Jewish tradition, Jewish history, etc., is an unforgivable sin. This is a sin which borders on spiritual holocaust for both nations.

There must be an overall separation in the education system. The situation brings on extreme conflict. When Arab boys grow up and reach the university, they become enemies of Israel, through our legitimization, as it were.

[Question] Your remarks make it appear as if you are an Arab hater.

[Answer] Heaven forbid. I have learned to respect their faith and their opinions and I have totally devoted Arab friends. But I want the chance to live in accordance with our religion, our values and our education. Just as I have no desire to infiltrate their villages, to snatch their daughters, and to study in their schools, why must they penetrate our lives? The friendship between the two nations must be up to a certain limit. Cooperative living side by side, but not with each other. I am not saying this, heaven forbid, out of contempt for them, but rather out of respect for their religion. Everyone should go his own way. I anticipate that, in the future, both they and we will taste the foul smelling fruits of mixed education.

[Question] You mentioned the expression "hybrid children," which is a somewhat jarring expression. These children aren't to blame. Why pin such a label on them?

[Answer] But it's the truth. According to Jewish tradition, children born of a Jewish mother, even if she has converted to Islam, to Christianity, or to pagan worship, are Jews in every respect by virtue of the origin of the mother. And according to the Islamic religion, these children are Muslims as a result of the father's origin. These children have two identities. They are immersed in conflict all their lives. They are torn between being Jews and being Arabs. In most cases they are educated by the force of reality as Arabs for all matters. They live with the father's clan within an Arab

environment, for there is no Jewish element to take an interest in them. The Jewish family of the mother has turned its back on her and cut contact with her, and as a result of this environment there is arising in the country a generation of Arabs extracted from Jewish mothers, and that is a national and security catastrophe, as there have already been cases of terrorists who have been captured who have a Jewish mother. I wish to make note, that in light of this sensitive point there have already come to me Jewish women who wished to return to their Jewishness because of the births of their children. Suddenly, they sense the full weight of the responsibility toward the children.

[Question] Isn't there a paradox here, a Jewish girl ready to convert to Islam to marry an Arab, who does not wish to raise her children as Arabs?

[Answer] I say that the greatness of woman is demonstrated by her becoming a mother. Those women who refuse categorically to abandon their Arab friend and the prospects of convincing them not to marry him were nil, in many instances left their husbands after children to them. At some point along the way they are anguished, and wish to raise their children as Jews. From conversations with these women I reached the conclusion that in their subconscious they are opposed to the race called Arab, even though they themselves were embroiled in it.

What had been good for her, is not good for her children. She is torn between the loyalty to her husband and her responsibility to her children, and leaving her husband is not always against the background of an unhappy life, but rather as a result of true pain of caring regarding the continued life of her children in the shadow of two identities. All her emotion is directed principally to the children and their future.

Even if the mother succeeds in hiding from her children that she is a Jewess, in order not to introduce them to a conflict of double identity, the prospects are meager that the matter will not become known to them at some time, and results of this revelation are apt to lead to tragedy.

If all concerned with this matter do not give their attention to the phenomenon of marriage of Jewesses and Arabs in the State of Israel, and do not begin to deal with the roots of it, the thing will damage us severely. The Arab countries will, in the future, not need wars as a means of our destruction. There is already someone engaged in this work of destruction within our own home.

#### Education System Blamed

Tel Aviv YOMAN HASHAVU'A in Hebrew No 29, 29 Oct 82 p 37

[Interview with Qadi Muhammad Hubayshi by Esther Heyn-Barzilay; date and place not specified]

[Question] Recently you met with the chief rabbi of Acre and you dealt with the problem of mixed marriages. What did you raise in your talk?



[Answer] We did indeed meet, and the problem as viewed by the honorable Rabbi Yosef Yashar is not so worrisome. He spoke of 40 cases annually, I claimed only about 5 instances.

[Question] Did Rabbi Yosef Yashar request that you issue a joint proclamation with him banning such marriages?

[Answer] True, but how can I ban such marriages if, from Islam's standpoint there is no prohibition on a Muslim marrying a Jewess? The Islamic religion recognizes Judaism and Christianity as religions "of the book," that is, holy religions, and therefore it is permitted to marry their daughters. But, Muslim women are strictly forbidden from marrying a foreigner not belonging to their community. I'm saying, if religion permits it, why do I have to ban it?

[Question] If an Arab and Jewess come to you and request conversion to Islam, do you hurry to convert her?

[Answer] First of all, one should know that we do not have a problem of processes as among the Jews. I merely ask her whether she is desirous of converting to Islam with no pressure whatever from anyone. If I have the impression that she is doing this with full awareness, then it is sufficient for her to take the oath of Islam: "I swear that there is no God but Allah, and Muhammad is his messenger." She undertakes the responsibility of praying five times a day, of fasting at Ramadan, and of tithing gifts to the needy, the process of conversion to Islam has been completed. Immediately, she receives a document certifying that she is Muslim.

[Question] Is there a specific population of young Jewish girls who marry Arabs?

[Answer] At first they were mainly from Eastern communities. The similar mentality drew them toward the Arabs. But today, most of the mixed marriages are of educated Jewish girls, and particularly of Western extraction. But not Jewesses alone marry the Arabs of Acre. Christian and Jewish tourists as well come here and marry Arabs. In the end there will not be any grooms left for the Muslim girls.

[Question] So, from a numerical standpoint, the marriages of Arabs and Jewesses is high, if you are concerned that there will be no grooms left for the Muslim girls. Previously, you spoke of a minimum.

[Answer] I see here a worrisome and serious phenomenon from a social standpoint, but from a religious standpoint, I am not concerned.

[Question] If so, why don't you come out with a joint proclamation with Rabbi Yosef Yashar to ban these marriages?

[Answer] I shall not come out with a proclamation against the Koran and the faith. It is a problem of the Jews, not of Arabs. The point of the sword is directed toward Jewish society. The boundaries have long since been

breached; why doesn't a Jew dare to pursue a Muslim maiden, but a Muslim dares to pursue a Jewess? I pity the society whose daughters are out grazing in the fields of foreigners.

[Question] Will the mixed education in Acre not bring about in the future a breaching of the borders among Arabs as well, and a turning away from the faith and from Muslim tradition?

[Answer] In my opinion, there is not enough in mixed education to bring about a breach of the boundaries and a loss of Arab identity. The roots in Arab society are so deep and so strong that the mixed education will not undermine them, and it is the right of every Arab to send his children to study wherever he wishes to. There are no signs saying: "No Entry for Arabs".

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THREATS TO TRAVEL AGENTS

Tel Aviv MA'ARIV in Hebrew 27 Oct 82 p 2

[Article by Gaby Kessler: "PLO Threatens Travel Agents Worldwide With Israel Connections"]

[Text] The PLO is maintaining pressures and threats on travel agents throughout the world to cease marketing Israel as a destination for tourism. Recently, representatives of the PLO offered a travel agent in Miami, in the U.S., \$5,000 cash to agree to remove the advertising posters for travel to Israel from his agency windows.

This was brought to light yesterday by the head of the Society of Travel Agents, Abby Friedman, at a meeting which participants in tourism in the country held with the Tourism Lobby of the Knesset. He noted that within the context of the campaign of pressure against tourism to Israel, a bomb was planted about a month ago in a travel agency in Frankfurt, which maintained a close connection with Israel. In addition, many travel agents in Western Europe reported to him that they had received telephone threats to discontinue promoting Israel as a tourist destination.

Moshe Brenner, chairman of the Hostelry Association, said that he could foresee that the drop in tourism to Israel will continue through the winter months. According to him, if the recession continues for any length of time, many participants in the tourism business will be hit with financial difficulties and even bankruptcy.

The head of the Association of Travel Agents, Aly Blau, said that participants in tourism in the country last year lost a great deal of money and are unable to invest further from their pockets to promote tourism to Israel. Thus, the government is responsible, in his opinion, to assume investments for the promotion of tourism, especially since the current recession stems principally from political causes.

The general manager Hostelry Association, Moshe Amir, complained that despite the recession in tourism and the strike of El Al, the Transportation Ministry did not cancel the regulations which limit charter flights, particularly the ban on the flying of mixed groups of Israelis and foreigners on the same charter. These regulations are scheduled to become effective on the 2d of

November. Mr Amir reported that several charter companies have notified him that they will not fly to Israel if the restrictive regulations are not cancelled.

At the conclusion of the deliberations it was decided that a small group of tourism participants and Knesset members will formulate specific requests to stimulate the tourism industry in Israel and will act in the Knesset to put them into effect. Mentioned in particular was the demand to recognize the tourism industry as an export industry in all senses and to grant tourism participants a monetary exchange guarantee and distress funds and to cancel the employers' tax and the services tax.

In the economic committee of the Knesset yesterday, the minister of tourism, Avraham Sharir, said that he demands that the Transport Ministry make flight policy, particularly during this period in which El Al is struck. He argued that it should be made possible today for anyone interested, to fly tourists to Israel with no restriction at all. The minister said that the flight policy of the Transport Ministry damages tourism to Israel.

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CSO: 4423/32

## BRIEFS

CUSTOMS SERVICE COMPUTERIZATION--A computer for determining duty payments was set up at the airport in Lod. Israel is the world's first country to use such a computer with a storage of 100,000 items in its memory. With one entry the customs' official receives a description of the product and the total duty which the traveler must pay. The customs services at Ben Gurion airport are the world's first to operate a computer in the passenger terminal for establishing customs' rates and payments. Customs director Mordecai Barakat yesterday presented the new computer system to reporters; it is now in operation at the airport's green and red terminals. The computer is operated by the customs' inspectors and stores in its memory about 100,000 items and products. The traveler presents his product for inspection, and with one entry on the keyboard the inspector immediately receives on the display a description of the product, the rate of duty that applies to it in foreign currency, its translation into shekels and the sum which the traveler must pay as duty. The process avoids the need to search through customs' catalogs, saves manual labor and prevents arguments between customs' inspectors and travelers. The computer's memory includes all the possible items and products which are imported into Israel by travelers, their catalog numbers and their prices. The citizen gets a special form from the computer on which are the product details and the amount of duty to be paid. The customs' director reported that customs' inspectors are now going through about 6-8 percent of the passengers entering Israel through Ben Gurion airport, and about 3 percent on average of those checked have items or products which are "not Kosher." The customs' administration and the value added tax have collected in the months since which the "Peace for Galilee" Levy has been in effect, an overall total of 170 million shekels. [Text] [Tel Aviv MA'ARIV in Hebrew 26 Oct 82 p 8] 9794

DEVELOPMENT TOWN UNEMPLOYMENT--A report by the Manpower Planning Authority, within the Ministry of Labor, reveals that unemployment in the development towns is double that of the center of the country. The authority's report attributes a tendency for the first half of 1982 toward expansion of the number of unemployed in the economy and a lengthening of the period of time which the unemployed must invest in searching for another job. During the above period the number of unemployed in the economy reached 72,900 as opposed to 68,700 in a comparable period last year. The rate of unemployment rose to 5.4 percent of the total work force as compared to 5.1 percent last year. The report of the Labor and Welfare Ministry's Manpower Planning

Authority notes that unemployment is particularly concentrated in a limited number of areas. The report reveals that today 74 percent of the unemployed have been looking for work for 5 weeks and more. Together with a deepening of the unemployment in the economy, there seems to be a tendency in the given period toward a drop in the average work hours for the employed from 37.6 hours on average per week in the first half of 1981 to 36.5 average work hours in the first half of 1982. [Text] [Tel Aviv YEDI'OT AHARONOT in Hebrew 26 Oct 82 p 4] 9794

INCOME STATISTICS--The Israeli Central Office for Statistics revealed yesterday that the mean monthly income before taxes for Israeli employees, cadres and workers reached 17,768 shekels during October. During the same period last year, the mean income reached 8,000 shekels. This increase was due to successive cost of living increases which reached a rate of 122 percent while the inflation rate reached 130 percent. The payroll office stated that wages are nevertheless lower than living costs by a little less than 5 percent. It is worth noting in this regard that income has in fact decreased more than that. Since last July, employees were mandated to pay over and above taxes and social security contributions about 4 percent of their wages toward a loan to fund the war in Lebanon. Wages for employees in the engineering and mechanical power sectors have been affected the most, followed by those in the banking services sector. The smallest wages are reported to be in the category of non-professional for government employees. [Text] [Jerusalem AL-QUDS in Arabic 7 Oct 82 p 4] 9770

FUNDING CLAIM--The municipality of Nazareth sent a telegram to the Israeli minister of interior requesting that a claim in the amount of 13 million shekels, which has been outstanding since the beginning of the current fiscal year, is due and payable from the ministry of interior and from the ministry of information and culture. In the telegram, the municipality pointed out that further deferring the payment would hamper the work administered by the municipality and would encumber it with financial burdens. If the two ministries do not respond to this request, the municipality threatened to appeal to the higher court of justice. Ramiz Jerayesa, in charge of municipal affairs, said that budget forms on the expansions, totaling 7.5 million shekels, have been submitted to the ministry of interior for approval more than a month ago. To date, the ministry has neither signed nor returned them. This could have an effect on the progress and the funding of the expansion project planned for the city. [Text] [Jerusalem AL-QUDS in Arabic 7 Oct 82 p 4] 9770

FUNDS TO RAFAH--Authorities approved payment of a grant in the amount of 12 million shekels to the municipality of Rafah. It included allocations for improvements which will be approved within the next few days. The authorities also released 6 million Israeli pounds in order to complete the sewerage project in the city. [Text] [Jerusalem AL-QUDS in Arabic 7 Oct 82 p 4] 9770

GRANT TO BAYT JALA--Responsible parties informed the municipality of Bayt Jala of its approval to pay 2,850,000 shekels as a grant for the purchase of a truck to empty drainage holes in the city. [Text] [Jerusalem AL-QUDS in Arabic 7 Oct 82 p 4] 9770

LEBANESE AGRICULTURAL WORKERS--Some 700 laborers from Lebanon work within the borders of the State of Israel today and it is the intention of the Labor Ministry to raise their number by several hundreds in anticipation of the citrus harvest. Yet, the ministry will not agree to bring into the country harvest workers from Yugoslavia or from Turkey, as the grove owners have proposed. This was stated yesterday by the deputy minister of labor and welfare, Ben Tzion Rubin, at a press conference in Haifa. He added that because of the severe manpower problems, the ministry is considering the possibility of utilizing secondary school pupils in harvest activities within the context of national service. Under consideration, too, is a proposal to apply to large manufacturing enterprises to arrange group furloughs to workers who agree to participate in the harvest. For the harvest season, a minimum of 2,500 people are required. [By Reuven Ben-Tzvi] [Text] [Tel Aviv MA'ARIV in Hebrew 26 Oct 82 p 10] 8090

CSO: 4423/32

BANKS' PRESENT SITUATION; FUTURE STRATEGIES DISCUSSED

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 40, Oct 82 pp 71-73

[Article: "Kuwait's Banks: The Challenges of 1982 and Future Strategies"]

[Text] The decrease in government expenditures is limiting expansion of the budgets and liquidity. Competition to attract deposits is raising the interest rates.

The results of 1981: Profits increased 56 percent. 1982: A decrease in oil revenues and a re-examination of the development strategy.

Contraction of credit is affecting the level of liquidity and raising interest rates.

The limited size of the local market will cause the banks to expand abroad in order to maintain their current levels.

Growth and profits will decrease until Kuwaiti banks achieve a prominent presence abroad.

The Kuwaiti banking system is influenced by a number of domestic factors which are economic, financial, and regional-political. These factors directly affect the course of their business in general and their actual performance. In this context, it is expected that all the parties concerned in the market will indulge in reassessing their situation and giving thought to appropriate programs of action. This is especially true since the commercial banks are going through an important stage during which basic decisions will be made concerning regulating sources of capital and their uses and the effect which current developments are having on their profits.

The following is a presentation of the various factors which are affecting the course of the business engaged in by the commercial banks and the effect which these factors will have on their short-term profits and their medium-term strategies for the next few years: The year 1981 was considered to be a good year for commercial banks in Kuwait. By the end of 1981, their combined budget totalled about 7.599 billion Kuwaiti dinars (and this total goes up to about 9.577 billion Kuwaiti dinars when irregular accounts are included).



This represents an increase of about 34 percent, as compared with the figure of 32 percent for 1980. Private sector deposits totalled about 3.599 billion Kuwaiti dinars, that is, there was an increase of 38 percent in 1981, as compared with the figure of 26 percent for 1980. Capital and reserves totalled about 411 million Kuwaiti dinars, and this represents an increase of 22 percent compared to 1980. Loans to the private sector totalled about 3.459 [billion] Kuwaiti dinars, representing an increase of 30 percent (and the figure was 34 percent in 1980). Other assets, investments in bonds and subsidiary companies, and fixed assets totalled about 1.573 billion Kuwaiti dinars, representing an increase of about 80 percent, as compared with an increase of about 40 percent in 1980.

The achievements by Kuwaiti banks in 1981 were both outstanding and impressive. The six banks reported 1981 profits of about 50 million Kuwaiti dinars, that is, an increase of about 56 percent over the total profits for 1980. The four principal banks distributed from 25 to 30 percent of their reported profits to their shareholders, in addition to distributing bonus shares corresponding to about 10 to 20 percent of their capital. Usually these shares are converted into such from hidden reserves and are utilized as a means of increasing the banks' reported capital and reserves.

#### 1982: A Year of Challenge

As the year 1982 draws to an end, the commercial banks in Kuwait are realizing more and more than 1982 has been one of the most critical and most challenging years. The financial atmosphere and factors affecting liquidity have been continually changing. This has added a new element to the elements of instability which have affected the banks and their operations. The most important of these factors have been the following:

1. The decrease in oil revenues as a result of the approximately 50 percent decrease in [oil] production. As a result of this situation, the government's oil revenues were 30 percent less than what they were expected to be at the beginning of the year. This decrease has forced the government to approve a 1982/83 fiscal year budget which has an anticipated deficit of \$1.1 billion. Although estimated expenditures, which total \$12.3 billion, are 5 percent more than they were for the previous fiscal year, there are a number of indications that the government right now is revising its general development strategy in the direction of adhering to a policy of more rational expenditures.

In view of the fact that government expenditures constitute the most important element when it comes to determining the level of liquidity in the market, the austerity measures which have been adopted and the decision to postpone some of the lesser important development projects will weaken the role played by government expenditures in determining the level of financial liquidity in the market. It is estimated that the effect of these measures will be more strongly felt during the second half of 1982, with the beginning of the fiscal year in accordance with the new budget.

2. After the 30 percent increase in loans to the private sector during 1981, some commercial banks have embarked upon a more conservative credit policy,

especially with regard to loans granted to the non-production sectors and in connection with activities of speculation in real estate and the stock markets. In addition to this, the monetary authorities no longer regard such loans with approval. Furthermore, this contraction of credit will have a direct effect on the level of liquidity and will consequently lead to an increase in the interest rates which will afflict all of those doing business in the market. Statistics put out by the Central Bank of Kuwait indicate that the total for the budgets of the commercial banks decreased by about 72 million Kuwaiti dinars in April 1982 (that is, a decrease of 0.9 percent), as compared with an increase in this regard of 74 million Kuwaiti dinars in March of the same year. This conservative credit policy led to a decrease, in the increase in claims against the private sector, from 148 million Kuwaiti dinars (3.9 percent) during March to 62 million Kuwaiti dinars (1.5 percent) during April of 1982.

During this time interest rates went up somewhat, and the inter-bank interest rate also went up. In fact, the inter-bank interest rate on loans for 1 week or 1 month increased by between 1.5 and 2 percent. In addition to this, we find that the net influx of capital from the Central Bank into the banking apparatus, in the form of "swap" or discount transactions with commercial banks, increased during April by about 48 million Kuwaiti dinars, thus being brought to a total of 319 million Kuwaiti dinars. Actually, these changes indicate a contraction in credit activity, and the effects of this have begun to be felt in the financial market, even though the statistics for a single month are not sufficient to lead one to conclude that there is a definite trend.

3. The decrease in the level of prices and volume of trading in the stock markets has increased people's apprehensions that the maturity dates for forward share trading contracts, estimated at a value of between 7 and 15 billion Kuwaiti dinars, have begun to arrive and to put a heavy burden on the shoulders of market speculators. It is estimated that 3.5 billion Kuwaiti dinars worth of such contracts will mature during the remaining months of 1982. Although so far there has been recorded no delay in payment worth mentioning, the steady decrease in the prices of the shares, in addition to the steady increase in the interest rates and premiums on the contracts that are either renewed or "rescheduled," indicate that some of the speculators are attempting to get rid of their shares and others are attempting to extend [the validity of] theirs, even though it means additional expenditures.

The fact that it is likely that the maturity dates of more contracts will arrive during the 4 remaining months of 1982 means that the prices of shares might continue to decrease and means that there will be a continuing and increasing trend in the direction of extending [the validity of] the contracts which mature, by assuming additional costs. However, these expectations are based on the assumption that the authorities will not intervene to change the present course of matters and that the commercial banks will not change their policy with regard to granting credit to individuals.

4. The Iraqi-Iranian conflict has affected economic activity in the Kuwaiti market in two ways. First of all, Iraq's decision to postpone or cancel a

large number of contracts and projects has had a great effect on Kuwaiti companies operating in Iraq in the fields of contracting and reexporting. In addition to this, the change in the course of the war which has occurred and Iraq's decision to withdraw back to its internationally recognized border have both had an effect on the psychology of those doing business in the Kuwaiti market and have increased the confusion which is surrounding it.

5. The negative view of matters which predominates in the financial market has put increasing pressure on the level of activity in the stock markets. It has reinforced the downward trend which is occurring and which has resulted from the trend on the part of many investors to liquidate part of their shares in order to pay the value of the postdated checks which have been maturing. In addition to this, a negative view such as this might lead to a slow-down in the flow of capital into the country. In fact, it might lead to this capital changing directions, with more and more investors seeking a more secure way to invest abroad. If the outflow of capital to places abroad continues, this will create a new problem for the monetary authorities who will then strive to maintain high interest rates or by means of increasing control over foreign borrowing from the domestic market.

#### Effects on Profits and Planning

It is anticipated that the developments occurring both inside and outside Kuwait will have a profound effect both on the banking and financial apparatus as well as on planning for short-term profits and medium-term strategic planning in commercial banks.

##### A. Effect on Planning For Short-Term Profits:

1. The decrease in government expenditures will decrease the expansion effect which the budget [normally] has on domestic liquidity and will decrease the flow of capital to the private sector which is intended for land acquisitions and real estate development.

2. It is anticipated that the slow-down in the rate of increase of domestic liquidity in a tense market will lead to fierce competition between the banks to attract deposits. This, in turn, will lead to an increase in interest rates and consequently an increase in the cost of taking out loans.

3. The difficulty of obtaining Kuwaiti dinars in the market will also force the banks to resort to seeking sources of capital outside Kuwait, and this is becoming more difficult and more costly every day.

4. The conservative credit policy and the slow-down in loan activity will have a direct effect on revenues which the banks receive from loans. Lately several banks have eagerly engaged in the practice of determining the interest rates on loans granted to their customers on the basis of the interest rate paid on deposits rather than on the basis of the "(Libur)" (the inter-bank interest rate in the London market) and the "(Kibur)" (the inter-bank interest rate in the Kuwaiti market).

5. The unofficial moratorium imposed by the Central Bank on personal loans will deprive many of the banks of a very profitable sector of business. Postdated checks were being discounted at high interest rates, and personal loans were being granted at interest rates that were from 5 to 8 percent above the 10 percent official ceiling set by law. This meant that the interest rate being paid by the customers had gone up to between 15 and 20 percent.

6. The efforts undertaken by some banks to diversify their loans by means of participating in joint international loans will not compensate for the "fat" profits which they earn in the domestic market. The profit margin in international markets is very small, and is not more than from 3/8 to 1/2 [of 1 percent] above the "(Libur)" [inter-bank interest rate in the London market]. This applies to good low-risk loans. Of course, it is possible to obtain higher profit margins which might be as high as 2.5 percent, but they can only be obtained in connection with loans made to countries which are considered to be high-risk countries and which are basically overburdened with foreign debts.

7. The decrease in the role played by government expenditures will give the monetary authorities a greater role in determining the amount of capital to be made available to the banking apparatus and determining how much it will cost. Thus the Central Bank will have a greater role because it is the ultimate source of loans for commercial banks.

#### B. Effect on Banks' Medium-Term Strategic Planning:

1. During the next few years, and in light of current developments in the Kuwaiti financial market, the commercial banks are expected to carefully look into anticipated effects on their performance and profits as a result of any change which might occur in the structure of this market.

2. The limited size of the domestic financial market and the small geographical area covered by the market will force the banks more and more to expand abroad in order to maintain their current levels. This is particularly true because there is a feeling that there are now more than enough local branch banks to take care of the needs of the domestic market.

3. Penetration of financial activity abroad will intensify initially because of the urgent need by the banks to diversify the structure of their assets and to decrease their dependence on a small number of clients who are exposed to similar market risks and conditions.

4. [The banks] will be greatly interested in having a material presence abroad. This is because this will enable Kuwaiti banks to provide services to their current clients abroad and it will provide them with an outside source of foreign capital which will be a means of supporting their domestic capital.

5. Until Kuwaiti banks achieve a prominent presence abroad, there will be a decrease in the current rate of growth and of profits. There are several reasons for this, of which we can mention the following: A great increase in

the cost of the banking establishments, costs associated with travel and communications, lack of ability to become fully acclimated to foreign markets, increasing control exercised by foreign monetary authorities, and, the most important thing of all, fierce competition from [other] financial establishments which have an international presence.

6. The successful bank which is a profitable business will be the bank which manages to achieve a type of balance between highly profitable domestic activities and entry into international markets in such a way as to allow the bank to appropriately distribute its risks associated with its sources of capital and their uses. Such a bank will also have to create various sources of income abroad which will back up the profits earned at home.

7. Recent financial, political, and economic developments on both the regional and local levels have impelled officials in all of the financial establishments in Kuwait to to more serious thinking concerning the correct formula for achieving the critical balance between domestic and international operations. Of course, some of the banks have actually already made considerable progress in their planning with regard to the objectives they seek to reach both in the realms of distributing their risks and expanding in the international financial arena.

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PIERRE AL-JUMAYYIL INTERVIEW

London AL-HAWADITH in Arabic No 1360, 26 Nov 82 pp 13-18

[Interview with Pierre al-Jumayyil by Amin al-Siba'i and Sami al-Hajj; date and place not specified]

[Text] At the beginning of his party activity in the 1930s, Phalangist Party leader Pierre al-Jumayyil made a fundamental decision to which he has clung and adhered throughout his celebrated party and political life. The decision was to refuse all official positions and functions and to accept the duties of salvation, construction, and unity.

When the late President Fu'ad Shihab approached him in 1958 with the offer of a ministerial post in the "government of four," which took power after the events of 1958, al-Jumayyil declined the offer. President Shihab said to him: You are Lebanese and Lebanon is your concern as much as it is the concern of other Lebanese. Your refusal to accept the post means you consent to a continuation of the destruction and ruin. I am sure you do not want Lebanon to come to this end.

That day Pierre al-Jumayyil agreed to accept the post provided that the four-man government he called not the "government of salvation" but the "committee of salvation" out of respect for the principle of abstention from the traditional posts.

In our long interview with him, Pierre al-Jumayyil opened his heart and touched on most of the matters and issues now confronting Lebanon. But first he inquired about the situation of AL-HAWADITH. He praised the steadfastness and struggle of the chairwoman of the executive board Mrs Ummiyah al-Lawzi and spoke appreciatively of the history of the owner of AL-HAWADITH, the late Salim al-Lawzi.

[AL-HAWADITH] We began by saying to al-Jumayyil: After the long journey of the party and the vicissitudes of the last 8 years, Shaykh Amin al-Jumayyil became president of the republic. Are your ambitions realized and has the new stage begun?

[Al-Jumayyil] We founded the party 46 years ago and the goal of our long struggle was not to be satisfied (only) with bringing Amin al-Jumayyil to the

presidency of the republic. Our basic objectives have been to bring Lebanon to an advanced level of civilization, independent, strong, and capable of surmounting the difficulties that may confront it from time to time. After the Turkish imperialism and French mandate, we succeeded in laying the foundations of the Lebanese formula, which is regarded as a complete civilization in itself. Lebanon is almost the only country in the world where a Lebanese, regardless of the sect to which he belongs, feels he is living in his own country without discrimination or distinction (between groups). Observers and investigators must notice that no one who tries to work in any of the old countries with their democratic practices feels he is treated there like the members of the sect that governs that country. In Lebanon, however, all citizens are treated the same way regardless of sect or religion. The Muslim in France, for example, does not feel he is living in his country. The Muslims and the Christians in Israel are not treated like the Jews are treated. But the situation is completely different in Lebanon. Suffice it to say, the Lebanese constitution is the only Arab constitution that does not contain any passage defining the religion of the state, despite the fact that it is accused of sectarianism, discrimination, and special privilege. After the recent events, I began to feel that the Muslim and the Christian together believe in the need to preserve the continued existence of the Lebanese formula. And the evidence is that Muslim-Christian rapprochement has begun to assume concrete form in a natural and unartificial way, which inspires us with increasing hope that this model will be developed, a model that constitutes an existing civilization in itself.

The issue then is not one of ensuring that Amin al-Jumayyil becomes president of the republic. Amin is, of course, my son and I love and respect him as he loves and respects me. But when Amin became president, he gave up his party positions and duties and became president of all Lebanon and of all the Lebanese. I shall remain the leader of the Phalange and the Phalange will continue to move toward the fundamental objectives for which it has been striving the past 46 years. This is despite the fact that President Amin al-Jumayyil will remain a son of the house of al-Jumayyil and a bearer of the culture and principles of the house of al-Jumayyil and school of the Phalangist Party. He is fortified not only by an ability to read and write but by upright character and principles without which a person cannot produce. I implore God to grant him success in his mission and not disappoint the hopes placed on his administration, for Lebanon needs a self-sacrificing president in the full sense of the word. When the late Bashir came to discuss with me the matter of his candidacy for the presidency, I told him Lebanon needs a self-sacrificing individual to begin working at a point below zero. Bashir embarked upon the mission. And in fact he did sacrifice himself, paying with his life for his principles.

As for mistakes, who among us does not make mistakes? Naturally, there are mistakes we try to deal with and correct, but we must distinguish between deliberate and spontaneous mistakes. Betrayal of the country, acting as agents of foreigners, being bought and sold, are unforgivable betrayals and must be severely punished. But spontaneous mistakes are to be dealt with by other means. In both cases correction is obvious and effective.

[AL-HAWADITH] The political fragmentation that occurred during the war years caused terrible suffering. Do you support the idea of organizing political activity on a 3-party basis--right, left, and center? If that should take place, where would you put the Phalange?

[Al-Jumayyil] I don't want to get into the question of classification on the basis of right and left, East and West, but I do accept the idea of systems (of government) and say that systems are not rigid molds that can be moved from place to place, for what is suitable for this country is not suitable for other countries. In Lebanon, our wealth is individual initiative just as oil is the wealth of others. Our wealth, which is represented by individual initiative, cannot live under socialist or communist regimes because parliamentarism, freedom, and democracy are incompatible with dictatorship. Every country has its own method and special qualities. I believe we succeeded in our experiment, which relies on freedom, democracy, and individual initiative.

It was natural, therefore, that the Lebanese cling to their successful system and protect it against all the winds of change that blew over us from the outside. The Lebanese who are considered to be the most intelligent people in the world had faith in this system, a faith derived from the results of the experiment, not from slogans and shining words. The name given to this system is not important--right, left, East, West. This is unimportant. What is important is that we succeeded by trial and error, knowledge, and work. The system was not shaken even once because of weakness in its special qualities, but only when there was a mistake in practice or because of a political excess from some source.

[AL-HAWADITH] For example?

[Al-Jumayyil] There are many examples. Take the Palestinians and their presence because they are the freshest in memory. I believe no one gave to the Palestinians and the Palestinian cause more than Lebanon did. We gave them open hospitality and complete sympathy and help beyond our capabilities. But most regrettably, and I say this in all bitterness, the Palestinians, or some of them, harmed Lebanon. They allowed others to use them against Lebanon and its interests. Thus, the Palestinian question is no longer one of liberating land unlawfully seized. Rather, it has been transformed into an instrument for changing systems. The destruction that befell us was the result of the Lebanese remaining faithful to their system and opposing attempts to change it. Now I wished the Palestinian resistance were not where it is in Lebanon because what some Palestinians did was to ruin Lebanon and ruin the Palestinian cause. I was a close friend of Yasir 'Arafat. We met frequently. He used to visit me in this office and we had frank exchanges of views and opinions. I would say to him: Listen to me and don't be the cause of the division of Lebanon because if Lebanon is divided, you will lose your case. You, Yasir 'Arafat, say you will propose a solution to the Palestinian problem by setting up a democratic secular state in the Lebanese style. But how can your plan survive when you are crushing the Lebanese model wittingly or unwittingly. By your policy you will help provoke disputes between Muslims and Christians and divide Lebanon. This is what actually happened. If Yasir 'Arafat should now recall and review the details of our meetings and remember my warning, I'm sure he would acknowledge how sincere we were in our advice to him.



[AL-HAWADITH] Can your friendship with Yasir 'Arafat be renewed. Can the door for a dialogue between you be regarded as open?

[Al-Jumayyil] Our doors are open for a dialogue with all who wish it, even those considered the greatest of our adversaries. Our hearts are open provided that the desire for a dialogue arises from sincerity, candor, honor, and respect.

[AL-HAWADITH] Our question involves the organization of party political activities in a way that protects the system?

[Al-Jumayyil] Lebanon is a country of freedom as long as it is understood that our freedom ceases when the freedom of others is affected. Political parties are no longer parties in the true sense when they become shops and stores for material gain. A true party is a party of principles and ideals. What we want in Lebanon is party activity based on sound principles, freedom, democracy, and the law. The important thing is that parties not be tools in the hands of others. With due respect to all the parties, I cannot regard the parties tied to foreign movements as true Lebanese parties. I don't want to name names, for every group knows itself and the Lebanese knows them all.

[AS-HAWADITH] It was observed in recent months that you kept away from the political spotlight so that the question of your being nominated personally as president of the republic was not even raised. Is this due to temporary circumstances or to abstention from political activity?

[Al-Jumayyil] I do not like the word abstention because, in my opinion, it means avoiding responsibility. My history refutes the charge of avoiding responsibilities. However, every individual has his own views and temperament. Since my youth I refused everything connected with government work. On the other hand, I consider the presidency of the republic, cabinet posts, and service in parliament sacred and exalted duties, but I do not seek them except when required by the country's circumstances. Former President Fu'ad Shihab frequently pressed me, even convinced me, to share in the "government of salvation" to which the name government was not applied; in fact, it was called the "committee of salvation." Therefore, I say in all modesty that I came to government work in its familiar meaning in spite of myself. I recently refused even to have my name merely mentioned as a candidate for presidency of the republic not to avoid responsibility but because that would conflict with my thinking and my nature and with the way I bear responsibilities. I regret to say that politics with its holy mission has been prostituted, stained, and demeaned in Lebanon as a result of unprincipled practices. This has led many principled persons to keep their distance from the decline from which we are suffering. I reject the word politician, but I am eager to perform my role as a citizen within its high patriotic meaning elevated above trivialities because I understand patriotic work to be work that is based on programs and goals that all are striving to achieve and do not get lost in low political practices or rejected arrangements.

[AL-HAWADITH] Let us talk a little about the role of Parliament. What do you think of the proposals for amending the election law? Do you think the country can tolerate general elections next spring?

[Al-Jumayyil] Nothing is perfect in the world. There is no law that deserves to be called perfect and flawless. All laws are subject to change and evolution. This naturally applies to the parliamentary election law. We must therefore place all laws on the table for study and discussion while respecting differences of opinion until a mutual understanding is reached on suitable provisions. In our democratic system the majority ultimately decides. In accordance with this principle, we regard all views on the election law from the standpoint of the division of districts and number of deputies and other matters that can be discussed and mutually agreed to in addition to setting an appropriate time for holding general parliamentary elections. This is despite the fact that I do not believe the government can summon the Lebanese to general elections as long as one inch of Lebanese land is still occupied or beyond the control of the government. I believe too that our democratic system and the election laws by which we are guided are laws that are suitable and appropriate for us. I hope I am not wrong. I believe it is a mistake to infringe upon the Lebanese constitution. Those who wrote the provisions of our constitution were undoubtedly legislators who fully understood the nature of the Lebanese make-up and its requirements. Violation of the constitution might do harm to Lebanon. As for the election law, there is no doubt that it must be amended and improved, but in view of the circumstances through which we are now passing and because of foreign control of part of our will, it would be a serious mistake to take up these sensitive issues. As for the elections--after the country is liberated.

[AL-HAWADITH] While we are talking there is a very dangerous situation in the mountains. The dangers are increased by the continuing process of partition. If the partition should persist, what could you and the party do to prevent it?

[Al-Jumayyil] I assure you, particularly after the difficult stages through which we have passed, that the Christian and Muslim Lebanese reject all the interactions that have taken place on their land and that they reject everything that events have produced in the way of developments alien to the nature of the system and to the nature of the Lebanese. Our Lebanese countrymen have come out of this war with more faith than ever in the need for a united land, united people, and a common destiny. They also have a deeper faith in freedom, democracy, and a free economy. In clearer words, the Lebanese have emerged from the hell of war clinging more tightly to their system of government and more opposed to all foreigners who have tried to destroy the foundations of their system of government.

As for the events in the mountains, we met yesterday in the republican palace, Druzes and Maronites, and together we shared the pain of everything that is happening there. The 1860 massacres were perpetrated at the instigation of foreigners. Today foreigners are again trying to stir up dissension in the mountains. Yesterday in our meeting in the palace, Camille Sham'un, Pierre al-Jumayyil, Majid al-Arsalan, and Walid Junblatt were more than brothers and more than friends. We were all overflowing with pain and sorrow at what is happening in our mountains. We are not among those who are doing that to our mountain villages. To put an end to the dissension and its seeds, the government must intervene, but regrettably the Lebanese Army has thus far been

unable to end the destruction. Destruction was an art taught in schools and universities in the past and war was once a battle between armies. But in our times wars have been transformed from confrontations between armies to wars of destruction. This is what is happening to us in Lebanon. The war is a struggle for oil. The war between the United States and the Soviet Union is a gigantic struggle whose burdens we have to endure. The Soviet Union and the United States have abandoned the old methods of confrontation for new and indirect methods based on the destruction about which I am telling you.

[AL-HAWADITH] But this war could not have continued if it had not found tools for it among us.

[Al-Jumayyil] The most fertile land for destruction is Lebanon because it is an arena of sectarianism that can be exploited by saboteurs. This has been the cause of all of our misfortunes from 1860 to the present. I assure you that no Lebanese Muslim or Christian wants these wars, but one cannot impose morality or assume its presence in every individual. Every society has its good persons and its bad persons. There are the educated and the cultured as well as the ignorant. Unfortunately, we have a class of people without morals, without upbringing, without responsibility, which makes it easy for foreigners to use it against the interest of the motherland.

[AL-HAWADITH] So at present the army cannot maintain security for all. What is the alternative?

[Al-Jumayyil] We tried the alternative--the agreement between the United States, France, and Italy, which are among the largest countries in the world, to form a multinational force. It was an encouraging agreement that we accepted and welcomed. We believe this group will strengthen the army, but unfortunately they've done nothing (yet) worth mentioning. On the contrary, they helped to delay us in reaching our goal of stabilization by concentrating their troops in the vicinity of Beirut. With all its importance, Beirut is not all of Lebanon. Like Beirut, Lebanon needs the aforementioned international aid. Every step beginning with the debarkation of the multinational force in West Beirut was encouraging, but it is used at the borders of the western area and nowhere else. This is a betrayal of the idea of liberating Lebanon.

[AL-HAWADITH] Why don't the Americans, French, and Italians widen the zone of deployment?

[Al-Jumayyil] Because they can't. They are afraid of clashing with the Israelis. We have become hoarse in asking everyone to help the government to gain control over security so that our young people can end the military role and return to their homes and normal life. And we have become hoarse in emphasizing our desire that the Lebanese Forces and the militias not continue their mission because we believe a country which maintains its security solely by militias cannot be a civilized country. We reluctantly organized the militias to protect our areas and to protect Lebanon. Their reply to us is: You are right in what you say and ask for, but words are just words. Today, for example, we ask: Why doesn't the army go into the mountains and

stop the clashes, especially since it is supported by the United States, France, and Italy, and many other countries like Britain are prepared to do so? The answer is this army will clash with the Israelis if it goes into the mountains. This means the matter is no longer in our hands but is in the hands of the United States, France, and Italy. It is up to these governments which began the task of helping Lebanon to complete it and not stop because it is the other one that does not want to clash with the Israelis.

[AL-HAWADITH] This means we are still at the beginning of the dark tunnel and true liberation is still far off?

[Al-Jumayyil] This is true, unfortunately. We discussed this matter yesterday in the meeting at the republican palace. We said if the United States, which is considered the greatest country in the world, now that the Soviet Union evaded responsibility as did France and Italy, shrinks from helping us, who then will help us?

[AL-HAWADITH] This confirms the prevailing view that there is not hope of liberation unless Israel gets a definite price?

[Al-Jumayyil] These matters must be studied because the Israelis did not do what they did to honor us or render a free service.

[AL-HAWADITH] What, then, must be put forth to confront this?

[Al-Jumayyil] The matter requires an Arab stand before the international stand. Our misfortune now is confined to the Arab world. The Arab world is under pressure and squeezed either by the United States or by the Soviet Union. The two parties seek to promote their special interests and they are concentrating on oil. It may be to the interest of both that Lebanon remains subjected to destruction, struggle, and tribulations. It may be that the Arab world too is convinced of the importance of the microbe of destruction remaining confined to Lebanon. Whatever that costs them in the way of material sacrifices. After Israel entered Lebanon, it was naturally impossible for the Arab and foreign states to stand with hands tied behind their backs because they were all worried about us but we, on the other hand and quite regrettably, were not worried about our cause. Each of our parties stands with some foreign country: one with the United States, another with France, still another with Italy, a fourth with the Soviet Union, and a fifth with this or that Arab state. But no one is working with the others to liberate Lebanon. In all modesty I say the only Lebanese who are working sincerely for Lebanon are the Phalangists.

[AL-HAWADITH] President Camille Sham'un told AL-HAWADITH about liberation coming by way of a security treaty that could be signed between Lebanon and Israel and Syria. Do you share his opinion?

[Al-Jumayyil] Which one of us doesn't want a peace treaty to bring Lebanon out of the whirlpool of war and destruction? Which one of us doesn't want peace? Whoever doesn't want that after the ordeal of the long war from which we are suffering is not a human being and not a Lebanese. But to sign a

peace treaty, on the one hand, and to ignite a war, on the other, does not create stability or a passageway to sovereignty. There must be an agreement for peace. The problems of Lebanon will not end without the signing of some such agreement provided, however, that it is comprehensive and not individual because Lebanon is not the only one concerned with the Middle East problem. We are members of the Arab League and committed to its decisions. We saw the results of Egypt's trial and the fate of President Anwar Sadat who paid with his life for his views. How far Egypt still is from the Arab world even though it forms half the Arab community! Therefore, Lebanon cannot by itself adopt positions on this issue because it cannot isolate itself from the Arab world nor abandon the Arab world for a bilateral peace with Israel. Such a peace cannot be the true peace for which we are striving. On the contrary, it would result in an even more destructive war than a military field war and the total devastation of Lebanon. We want peace with Israel and peace with Syria, Iraq, Egypt, with everybody. Are we infidels for saying that?

However, the manner of achieving peace and its nature are important in order to prevent the peace from turning into devastation and destruction and from war descending on our heads. This is what must be studied thoroughly and objectively.

[AL-HAWADITH] So, as you said, we are still in a dark tunnel?

[Al-Jumayyil] We believed for a time that we had come to the end of the tunnel, but from what I have seen of the American-French-Italian stand, I do not say I have given up all hope. But I believe the matter requires a greater effort to achieve liberation. Of course, one or two years ago we began to see a ray of light. We hope this light is genuine. I do not want to be overly optimistic because the United States, France, and Italy, among the most powerful states in the world, came basically to help the Lebanese Army. What was the result? The result so far, unfortunately, shows that this army is still unable to achieve its goals. It will be unable to stand on its feet without the help of the large friendly powers. I believe, or think, that the friendly states concerned like the United States, France, and Italy do not want to harm Israel's interest. Perhaps they think, for example, that Israel by its invasion of Lebanon saved the world from terrorism. And there may be red lines which these states do not want to cross. The important thing is that the international assistance is not on the scale of the Lebanese tragedy to date.

[AL-HAWADITH] After the release of the nine Phalangists in Syria, there was increased talk of a Phalangist-Syrian dialog at the summit level. What is holding up this dialog?

[Al-Jumayyil] I have said, and I repeat, that Lebanon will not gain if it pleases the whole world and loses Syria. Syrian friendship is more important because Syria is Lebanon's gateway to the region. The (Syrian) lung with which we breathe and with which we are twins makes us indispensable to each other. Lebanon's interest lies in preserving this notion. God knows what I have done personally to put an end to the rift and estrangement that developed between us and Syrian officials. What existed between us and

President Hafiz al-Asad and leading Syrian officials--no one can estimate its importance except us. What President Hafiz al-Asad told me and announced in 1976 makes me sure that he cannot accept what happened after that to our land in the way of evil practices. The greatest service our Arab and foreign friends can render us is to restore the atmosphere of brotherliness and cooperation to Lebanese-Syrian relations.

I repeat here our need to establish diplomatic representation between Lebanon and Syria to organize relations between us. I discussed this idea with President al-Asad. He did not reject it in principle, but he thought the matter required a freezing of the discussion for internal Syrian reasons.

Naturally, I still remember with bitterness what happened between us and the Syrians and how they bombed my home in Bakfiya. And I remember the day when we went to the shelter in Bakfiya accompanied by a number of French newsmen. One of them asked my opinion and I said: I cannot believe that President Hafiz al-Asad, after all that he told me and what he said in his famous speech in 1976, can accept what is happening or agree to the bombing of Bakfiya in this way. At that time the French newsman found my remarks strange. The LE MONDE correspondent said to me: In spite of all these bombs dropping on our heads, do you still defend President al-Asad?

I hope everyone knows what happened in Lebanon and is convinced that the destruction of Lebanon means the destruction of the entire region.

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## PALESTINIAN AFFAIRS

### INITIATIVE TO RESOLVE PALESTINIAN QUESTION ANALYZED

London AL-DUSTUR in Arabic No 266, 18 Oct 82 16-18

[Text] The urgent conference in Amman between the Jordanian ruler King Husayn and the PLO leader Mr Yasir 'Arafat ended without the two parties announcing an agreement on a formula for resolving the Palestinian question.

Some newspapers reported from "Palestinian sources" in Amman two days before the conclusion of the conference that the Jordanian plan now being studied by the two parties "will be approved without an announcement before 'Arafat leaves Jordan, that in the plan 'Arafat authorizes Husayn to negotiate in behalf of the PLO during his visit to the United States in November," and 'Arafat "will try to obtain the Palestine National Council's approval of the plan in its forthcoming session before it is announced or its details revealed." To ensure obtaining such approval, "the number of members of the Palestine National Council will be increased by 30 members." This is to "support" what 'Arafat and Husayn agreed to and "provide a greater opportunity for any decision that the executive committee of the PLO may take "with respect to several important matters, chiefly plans for peaceful solutions."

However, a newspaper close to the "executive committee published a long article on the nature of these plans, especially the Jordanian plan to create a "federation between the Palestinian state and the Hashemite Kingdom of Jordan" (if that state comes into existence). The paper described it as inspired by the United States after "it was able, through Israel, to deal a blow to the military machine of the PLO and scatter its forces among a number of Arab states." This source summarized the American-Jordanian plan as an effort to "create a kind of unionist relationship between the Hashemite Kingdom of Jordan and the West Bank and Gaza territories (not all of them) from which Israel is to withdraw in accordance with Security Council resolution 242 (if Israel withdraws)." The source made it clear that it is doubtful Israel will withdraw after Foreign Minister Yitzhak Shamir asserted that his government interprets resolution 242, to which it once agreed, as "having been carried out because its withdrawal from all of Sinai constitutes the withdrawal stipulated by the resolution from Arab 'lands' from which it must withdraw."

Nevertheless, the United States had a purpose in raising the issue after the departure of the Palestinians from Beirut and the massacres in Sabra and

Shatilah perpetrated by the Israelis and their helpers. Although it knows that what Israelies take they never give back, regardless of the circumstances, when they make concessions, as in Sinai, it was at the enormous price of exchanging land for trade and financing. "The United States promised the leaders of the Palestinian resistance that it would embrace the legitimate rights of the Palestinians." It suggested that the PLO "coordinate (its actions) with King Husayn and empower him to speak in their name or as their representative in the first stage of the indirect talks with Israel" in preparation for such an exchange and completion of the political, military, and economic arrangements that the United States and Western Europe want to see in this sensitive part of the world.

Although this source close to the Palestinian Movement indicated the United States "was of the opinion" that the PLO will accept the Jordanian plan which it inspired, it did not reveal whether the PLO (actually) agreed to do so. The PLO, as the British newspaper YORKSHIRE POST said on 12 October 1982 in its commentary on the Amman conference, includes among its ranks all the political and ideological tendencies in the Arab world from the far right to the far left and from the most radical to the most moderate. Among them are loyalists to Arabism as well as those completely indifferent to Arabism, revolutionaries who want to carry on the struggle until victory or death, and capitulators who favor the principle of "take and demand," and so on. The failure of King Husayn and Yasir 'Arafat to come to an agreement, or come to a secret agreement without announcing it, is the expectation that the necessary arrangements would be made to convince all the groups constituting the Palestinian movement or at least those who are influential, was a logical consequence of the nature of this organization and of its chairman's knowledge of the possibility of working in it or with it.

Some of the groups in the movement adopted clearly negative positions. Two days after the start of the talks between the two Arab leaders, Yasir 'Arafat thought a larger number of the PLO leaders had to be involved so he invited to Amman some members of the "executive committee," most of whom were in Damascus where British Foreign Secretary Francis Pym was undertaking another political mediation in behalf of the United States while representing the European Economic Community in his talks with Syrian President Hafiz Asad. These talks were aimed at raising the "issue" in Damascus, as was being done in Amman. A responsible source whom the British foreign secretary did not know whether he represented the Syrian government or the PLO told him an important fact that reveals the stand of the Palestinian Movement on the American-Jordanian plan. Pym was told that most of the Palestinian leaders in Damascus whom Abu 'Ammar had asked to join him in the Amman talks refused to do so.

Part of this refusal was a response to the stand of the Syrian government itself in rejecting the Jordanian plan without considering or involving itself in any of the many proposals put forward to "resolve the Palestinian question." But another part of the refusal to meet 'Arafat in Amman was "personal," for while Khalil al-Wazir, the military commander of Fatah, the largest of the groups that make up the PLO, decided to join his comrade in Amman, Khalid al-Fahumi, chairman of the Palestine National Council, preferred to remain in Damascus. Four groups smaller than Fatah announced their categorical



rejection of King Husayn's proposals at a time when Khalil al-Wazir was telling a correspondent of the British newspaper TIMES in Damascus before he left for Amman that the "PLO needs to study King Husayn's views (before approving them), but his foremost concern was the right to establish a Palestinian state (no offer of new concessions required by approval of the Jordanian plan such as abandonment of the PLO's legitimate right to represent the Palestinian Arab people alone and empower the Jordanian ruler to speak in its name or as its representative in any negotiations with the United States)." Khalil al-Wazir, as he told the British newsman, laid down a condition regarded as very important in London because: (1) it came from the military commander of Fatah and 'Arafat's right-hand man and (2) it opposed the most important aspects of the Jordanian plan. He said: "We do not have the right to make any decision that may involve future relations between the Palestinian government and any of its neighbors before this state is created."

The stress placed on creation of the state before agreeing to any unification or federation with any other state confirms that the B.B.C. broadcast on 12 October 1982 through an important Palestinian spokesman in Amman who said: "The PLO desires above all, that the United States apply pressure to Israel to withdraw from the West Bank and Gaza, then return Arab Jerusalem to the Arabs, and then recognize the right of the Palestinians to self-determination. These three actions will lay the necessary foundation for the establishment of a Palestinian state before the state decides on its foreign policy or its federation policy toward its neighbors. A major political analyst commented on this "vicious circle," saying: "'Arafat cannot sell King Husayn, and this means the United States, a fish in the water that has not yet been caught." Likewise, when the British foreign secretary was asked while still in Damascus what he thought of the Palestinians' right to self-determination, he hastened to say "the state must be created before the Palestinians can exercise this right." He set forth the view of Britain and of the European Economic Community in the political form into which the right has been translated. He said: "We have always believed that the establishment of a Palestinian state in the West Bank is the ultimate solution." But the foreign secretary got entangled in the explanation, saying more than he had to. Then, as the TIMES described it, he reverted after a little while to the traditional British stand on the issue and announced that the creation of the Palestinian state is one of many ways in which this right of self-determination can be interpreted." Among these other ways, in the opinion of the British minister, is the plan that calls for a federation to be agreed to even before the fish is taken out of the water!

The agreement must be viewed through a looking glass that goes beyond the entire "Palestinian question." Political analyst Thoman Friedman of the American HERALD TRIBUNE reported that the purpose of the talks held in Amman between Yasir 'Arafat and King Husayn was merely "to reply to President Reagan's initiative to bring peace to the Middle East. This peace aims at a reshaping of the economic, political, military, and ideological positions in the region in a way that is consistent with the interests of the Western industrial states in general and those of the United States in particular and with the survival of Israel in some form to be decided on the basis of the Arabs' ability to negotiate and their attitude toward the new stage of

of improving the state of equilibrium in the region. Only peace will achieve this goal and war is merely one of the instruments for achieving this peace.

But there is a "gap" between the American initiative and what the Arabs agreed to at the Fez summit, as acknowledged by analyst Friedman and others. These decisions did not define any position on the traditional Arab struggle against the absent state of equilibrium existing in the region, although many states and organizations expressed their opinions on it, as Iraq did in President Saddam Husayn's statements and as OPEC did in a joint communique of its ministers. They spoke of the necessity of putting all their weight behind the "campaign of the developing countries to redistribute the world's wealth and natural resources in a more just way." If this position is considered to be among the implicit assumptions of Fez, the Fez decisions were explicit on many political issues such as the "creation of a completely sovereign independent Palestinian state." This is producing a wide gap in front of President Reagan's initiative, for it is impossible to make a simple reconciliation between the Jordanian plan and what the Arab leaders at Fez "gave" to the Palestinian Movement, aside from the fact that they are the "minimum Arab demands."

Reagan's initiative represents, in fact, a retreat even from earlier American policy positions and "what it gave" to the Palestinian Movement explicitly or implicitly. Between the Kennedy-Johnson era and the Nixon and Carter eras, the United States offered the Palestinian cause many concessions which were always competing with Israeli expansion or catching up with Israeli aggression against the Palestinians or other inhabitants of the Arab East. The initiatives of Nixon and Carter led the United States to reexamine the borders drawn by the Englishman Sykes and the Frenchman Picot in regulating Western interests in the Arab East. The Israelis persisted in agitating them by continuously moving about American-Israeli tanks. The reexamination of these artificial shifting borders led to a political conviction that a "Palestinian entity" with its territorial borders had to be created whether it enjoys complete sovereignty or is subject to Israeli or Arab sovereignty. The "Palestinian entity" plan kept teetering between the "independent state" and "local rule" subordinate to another "independent" state. But Reagan's initiative affected the situation. It benefitted from the "defeat of the Palestinian victory" or "victory of the Palestinian defeat" in Beirut and from the Beirut massacre, which led to the spread of terror in the soul and acceptance of the final solution as a solution whose rejection and struggle without it are impossible.

There is nothing unusual in the change in this "quick sand" as far as developments in the Arab East are concerned. The great amount of blood flowing under the bridge of Western policy in the "Middle East" has opened up an opportunity for the United States to retreat from its earlier position as it has always done--Johnson's policy, for example, was a step backward from John Kennedy's policy--despite the material victories achieved by its Israeli military tool (in Lebanon this time and in the Golan Heights and West Bank before). If Fez II was a step forward from the proposals of Fez I, as measured by the demands of the Palestinian Movement and the murdered rights of the Arabs, the decisions of the Arab consensus in Fez were a temporary

step and, consequently, unable to erase the enormous victories achieved by Israel in the region. Then came the American initiative as an offensive translating this political and military reality into something that will achieve the economic and social ideal that Western interests want to see in the Arab East. The Jordanian ruler explicitly and the head of the Palestinian Movement implicitly embraced the plan for Jordanian-Palestinian union which seeks to narrow the wide gap between this rejected reality and that desired ideal, something none of the Arab governments objected to fundamentally as they had done before.

What prompted King Husayn to embrace this plan is that Jordan, after the battle of Beirut, will face the danger not only of Israel seizing the West Bank and Gaza, as it did with the Golan Heights and as it is doing with southern Lebanon, but of its expanding into East Jordan as well. So King Husayn decided to take advantage of the American initiative. Like any excellent political card player, he follows the well-known Arab principle "Catch the thief behind the door." He doesn't want to follow in the footsteps of Sadat to create a new "separate peace" with Israel. But he is eager to strengthen his position on the "Eastern front" of the Arab-Israeli confrontation. Consequently, he wants to neutralize the effect of the "six days" in the West Bank in 1967 and restore Jordanian authority over this area. But if the turn of policy leads to the minimum that he desires, the effort will result in neutralizing the effect of the struggle for power in the East Bank in 1970 and thus bring about the union of the Jordanian resistance and the Palestinian resistance. In either case he wants to defend himself as the representative of the Arab presence in Jordan primarily against Israeli expansion. However, Israel will probably not withdraw from the West Bank nor will the Palestinian state be founded there. It is preferable for him to strengthen his ties with the PLO.

By way of confirming this, Yasir 'Arafat announced while inspecting the "forces of Badr" (which belong to the "organization's" army) during the talks of the two parties in Amman that his stand with King Husayn is a "rebuff" to the American envoy Philip Habib and to the Israeli-American plot to subjugate the area."

However, whether King Husayn and Yasir 'Arafat agree on something secret, which will become known in the coming weeks among the Palestinian and Arab parties concerned, or they do not agree, the talks ultimately centered on two issues: a foreign issue that threatens many dangers and an internal issue that offers much hope.

In the foreign sphere, if the American plan is lucky to survive, it will result in the creation of a "Palestinian stated federated with Jordan and subject to total Jordanian rule." Likewise, the creation of this state necessitates, by the nature of the case, recognition of Israel within the 1967 borders." But the United States' non-recognition of the PLO has resulted in the "agreement" between King Husayn and Yasir 'Arafat being used as a preliminary framework for by-passing this obstacle. It is impossible to involve the Palestinians at the beginning in any negotiations that include the United States and Israel, on the one hand, and the Arab governments, on

the other, on the ultimate fate of this "question." Therefore, the Palestinians must abandon a basic principle, namely, that the organization is the only legitimate representative of the Palestinian Arab people, and grant King Husayn "the right to negotiate in its name or as its representative." But such a change in the "organization's" position on who speaks in its name was too difficult a matter to be decided by the talks of the two parties in Amman...and "recognition of Israel within the 1967 boundaries" was not a question for the Arab kings and presidents to determine honestly at the second Fez meeting. Moreover, four of the eight groups making up the "organization" reject it. 'Arafat alone cannot, even if he wants to, decide it on his own. In fact, there is no indication that 'Arafat wants it. In his speech before 20,000 Palestinians and Jordanians who gathered to meet him in Amman, 'Arafat eagerly assured them that "the revolution is heading for victory." Foreign correspondents have confirmed that he showed no signs of accepting any final political settlement of this fateful issue, "especially after the massacres in Sabra and Shatilah, which revealed the truth of Israeli-American intentions "regarding the peaceful coexistence of Arabs and Zionists." As for surrendering the independence of the Palestinian state in a federation with the Hashemite Kingdom of Jordan, it is, in general, "a positive nationalist step," but under the present circumstances, "a step surrounded by obstacles."

Internally, however, the 'Arafat-Husayn talks have achieved something of great importance for both Jordan and the Palestinian Movement and the Arab cause as a whole. This was the basic motive that prompted 'Arafat to engage in the talks, namely, "The PLO wants to strengthen its presence in Jordan with people and by political and military means." It is eager to avoid getting involved in calls for surrender and recognition of Israel like those made by Na'if Hawatmah, leader of the "People's Democratic Front for the Liberation of Palestine." The PLO has decided to benefit from King Husayn's desire to strengthen the Arab presence in Jordan by extending to it a helping hand and assistance because both sides are weak by themselves whatever individual strength they may have and both sides are stronger together than individually. There is something to gain from their rapprochement and more to gain from an agreement to work together within Jordan.

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STRAIN ON U.S.-ISRAELI RELATIONS VIEWED

Riyadh AL-YAMAMAH in Arabic No 720, 6-12 Oct 82 pp 32-33

[Article by Dr Basim al-Jisr]

[Text] What is that status of the American-Israeli dispute? To what lengths can it go? Can it reach the point where it threatens to cut off American economic and military aid to Tel Aviv? What can the Arabs expect from this American-Israeli dispute?

This question is now preoccupying Arab rulers and officials after recent developments in the Lebanese war revealed the existence of a genuine dispute between Washington and Tel Aviv. Some say there is no dispute and all of Begin's and Sharon's statements challenging Washington or all the American warnings to Begin are nothing but a play or, as it is called in diplomatic language, a kind of "camouflage" in view of the fact that America and Israel have common strategic interests. But there are others who reject this view, arguing that the dispute between Washington and Tel Aviv over the fate of Lebanon, the Palestine question, and peace in the Middle East has become a tangible political fact, evidence for which is clear and abundant:

- (1) The great uproar in all the American and European radio and T.V. broadcasts and newspapers over the massacres in the Sabra and Shatilah camps in Beirut would not have been possible had not the American and friendly European governments been opposed to Israel.
- (2) The resignation of Alexander Haig as secretary of state is considered an indication of the White House's rejection of the deal that the ambitious American general had made with his colleague, the equally ambitious Israeli General Sharon to impose peace on the Arabs by invading Lebanon, attacking the Palestinian resistance, and aiming a military blow at Syria. Another indication is the appointment of Shultz as secretary of state, a man known for his sympathy for the Arabs and immunity of the complex of dependence on Jewish votes to become president of the country.
- (3) Washington's warning to Moscow after the bombing of West Beirut last July, sending American and French troops to supervise the withdrawal of the Palestinian fighters, the American representative's voting for the first time in the Security Council with the other states on the resolution calling for

the withdrawal of Israeli troops from West Beirut, and President Reagan's television statement the morning after the Sabra and Shatilah massacres are regarded as clear signs of the existence of a fundamental American-Israeli dispute over the fate of the region. Washington's dispatch of troops twice to Beirut to maintain peace and security there is nothing if not a clear sign of the determination of the United States to stop Israel at some point in Lebanon and the region.

So much for the evidence and indications. As for the substance of the dispute, it boils down to the following:

First, Washington is convinced (of the necessity) and determined to detach the Lebanese question and Lebanon's fate from the Arab-Israeli struggle and the Palestine issue, whereas Israel regards its presence in Lebanon as a key to the solution or at least as a profitable card in its hand to be used in bargaining for the solution. It was partly confirmed that Washington was not familiar with the details of the Israeli invasion of Lebanon, especially as regards its timing and scope. But the official information gathered by the Arab diplomats accredited to Washington suggests that Washington was convinced of the need to eliminate the Palestinian military presence in Lebanon for what they considered two important reasons: (1) liquidation of the centers of what it calls "international terrorism," which used Lebanon as a base of operations, and (2) rebuilding of Lebanon as a united country. Perhaps Washington was also convinced of the idea of neutralizing southern Lebanon and nullifying the Palestinian and Israeli (Sa'd Haddad) military presence to secure Israel's northern borders and pave the way for the stationing of international forces there. Hence, Washington, which was surprised by the Israeli assault last June, according to those close to the White House (President Reagan was then far from Washington meeting with Western heads of state in Paris) did not display strong opposition to Israel, despite its criticism of the surprise. In fact, it opposed the Security Council's resolutions condemning Israel. And this was after Israel asserted in the early days of the invasion that it would not go beyond the Litani River and that its objective was to guarantee peace in Upper Galilee by occupying only a 40-km area in southern Lebanon.

But the United States' stand began to change when it learned that Israel's intentions were not what it announced and were incompatible with the American peace policy for the region, i.e., after the Israeli forces reached Beirut and began to bomb the city's living quarters and homes and move into the mountains in the direction of the Syrian forces.

Did the American stand change as a result of Washington's awareness of the Israeli deception or as a result of the Arab pressure applied to it, particularly by Saudi Arabia and (other) friendly Arab countries?

Comparing both, Arab pressure was severe and effective, no doubt. But the United States would not have succumbed to it if it had not coincided to some extent with its own plans for bringing peace to the Middle East.

There was President Reagan's telephone call to the Israeli prime minister during the bombing of South Beirut in July, then his decision to send

American troops to supervise the withdrawal of the resistance (fighters), an important turning point in the Lebanese war and in American-Israeli relations. The United States had hesitated to take a clear stand on the Palestine question until Shultz came to the State Department.

The new secretary of state suspended the joint plan, if not "conspiracy", that his predecessor Alexander Haig had agreed to with Tel Aviv, particularly with General Sharon. It involved mainly the Israeli invasion of Lebanon, dealing a blow to the resistance, threatening Syria, and then undertaking political negotiations with Jordan and the Arab countries to impose a solution to the Palestine problem "through pressure." It is rumored in Washington that Haig consulted about the scheme with his former boss Henry Kissinger and that he decided after the Israeli invasion to have Kissinger act as a "shuttle-mediator" between Tel Aviv and the Arab capitals.

Secretary Shultz after taking office devoted himself to a study of the Camp David files and came away from them with a new theory in conflict with Haig's theory. In brief, "the framework of the Camp David accord is a broad and flexible framework, one suitable as a basis for peace in the Middle East, provided that everyone honors its spirit." The word "everyone" means Israel primarily.

This marked the beginning of a drastic change in American policy and especially in President Reagan's position on the Palestine question and the Begin government. He was convinced until recently that the negative Arab stand on Camp David was (and is) responsible for hampering the peace process favored by Americans, but Shultz's study of the file on the Arab-Israeli struggle revealed another truth, namely, Israel is more responsible for stalling the peace process than the Arabs. Begin's insistence on establishment settlements in the West Bank and his refusal to withdraw from it are what made Egypt freeze the autonomy talks, in fact they are what makes every effort to persuade the Palestinians (to accept a political solution) impossible.

In mid-summer and after the Palestinian resistance agreed to withdraw from Beirut, the American-Israeli dispute entered a new stage, especially with respect to the following two points:

- (1) Withdrawal of the Israeli forces from Lebanon and separation of the Palestine question from the Arab-Israeli dispute.
- (2) Fate of the West Bank in the autonomy talks.

The decisions of the Arab summit conference, which took into consideration this change in American policy or rather the clear distinction in Washington's stand between the security of Israel and its right to exist, on the one hand, and the need to recognize the rights of the Palestinian people, on the other, served to further strengthen the American stand.

The events in Lebanon since early September, especially after the positive decisions of the Arab summit, are only reflections in the Lebanese arena of the American-Israeli dispute. The late Lebanese President Bashir al-Jumayyil



(Israel's actual role in his assassination has not yet been disclosed) was a victim of this dispute and the Sabra and Shatilah massacres resulted from it. The election of the president's brother Shaykh Amin al-Jumayyil with the unanimous consent of the Muslims was another result of the dispute. The return of the American and European forces to Beirut was also a new change in this dispute.

The question today is what can this dispute lead to? Can President Reagan overcome Menachem Begin or will Reagan and Shultz be the victims of Zionist influence in the United States?

What can the Arabs do to turn this dispute to their advantage...or at least not pay the price of the dispute in Lebanon or other Arab land.

In the coming months, Lebanon will be the chosen arena for the boxing match between Washington and Tel Aviv.

Washington has apparently decided to (try to) persuade Tel Aviv to withdraw from Lebanon according to a schedule that includes the Syrian forces and what remains of the Palestinian resistance units in northern Lebanon and the Biqa' without forcing Lebanon to sign a separate peace treaty with Israel.

Israel, however, is determined to stay in Lebanon and use its presence there to produce a new formula for Palestinian autonomy in the West Bank and Gaza in preparation for the next step, i.e., resolution of the Arab-Israeli struggle.

The second arena is without doubt the West Bank, but Israel and the United States will not enter this arena before the end of the Lebanese round.

Informed observers in Washington are talking about a "hot winter" between Tel Aviv and Washington, but they differ regarding Israel's ability to withstand American pressure and America's ability to compel Israel to change its position.

It is certain that Washington wants the Begin government to fall and the Israeli Labor Party to come to power. The unanimous American press condemnation of Israeli positions in Lebanon and the West Bank serve only to confirm America's displeasure with Israel's defiance. But some think Reagan will be unable to coerce Begin and Sharon, that, in fact, the Israeli Zionist lobby will be able to overpower Reagan and Shultz in Washington.

Begin is determined to carry out his insane scheme of imposing peace on Lebanon, Syria, and Jordan, keeping the West Bank under Israeli control, and making the Golan Heights a demilitarized zone. He dreams of "immortalizing" his name in Israel's history alongside the names of Weizmann and Ben Gurion. To do so, he is relying on three factors: (1) the support of the majority of the Israeli people, (2) the great military power that Israel possesses, and (3) the division among the Arabs and their disputes.



However, these three factors are not solid or final, for the coming Israeli elections may put an end to Begin's rule, especially after the massacre in Sabra and Shatilah and the shift in world public opinion away from support of Israel.

The American government, despite the fact that its opposition to Begin's policy will not reach the point of cutting off military and economic aid to Israel, any resort to political and other psychological methods of applying pressure.

As for the Arab disputes, the decisions of the last summit showed that the Arabs have become convinced (of the need) and perhaps are able to end or at least freeze them.

As for the Lebanese, they demonstrated by their unanimous election of Shaykh Amin al-Jumayyil that they will not be swept into a labyrinth from which Israel can benefit and thus be able to continue to occupy their homeland and crush their will.

One wonders what Begin is still concealing in his box of surprises to frustrate the international rejection of his policy and American determination to distinguish between Israel's welfare and the madness of its rulers.

The answer will not be delayed much beyond the end of this year!

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PROGRESS OF 'SAUDIZATION' OF BANKING SECTOR DISCUSSED

Banking Sector's Expansion Detailed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 40, Oct 82 pp 68-69

[Article by Ziyad al-Taqi: "Horizons of the Banking Situation After Saudization: Expansion of the Market, and Aspirations Abroad"]

[Text] The most outstanding developments are the restriction of the activities of the money-changing establishments, the great expansion in the establishment of branch banks, the increase in [people's] understanding of banks, and the growth in deposits and loans.

SAMA [the Saudi Arabia Monetary Agency] is following a wise monetary policy and is playing an ever-increasing role in the investment of petroleum capital.

The process of Saudization, which, for all practical purposes, was completed last year, is still having a positive impact on the Saudi banking apparatus due to the wise and conservative monetary policy being followed by the monetary authorities. Some events which took place recently in the money-changing sector have promoted the efforts made to regulate the money-changing trade and set definite limits between it and the banking profession. At the same time, Saudi banks have continued to expand their presence in all areas of the domestic market, and now they have also begun to aspire to achieve an effective presence abroad.

Following the process of Saudization of the foreign commercial banks, the Saudi banking system has been experiencing an important stage of development. This stage of development has been especially characterized by rapid development, further anchoring of the banks' positions in the domestic market, and by the fact that they have begun to be oriented toward activities abroad.

The banking system in Saudi Arabia consists of SAMA--which is the country's central banking authority--and two large banks which are the National Commercial Bank and the Riyadh Bank. There are also 10 other banks which have been Saudiized and which are 60 percent owned by Saudis, with the other

40 percent being owned by foreigners. There are also six government establishments which provide loans to various economic sectors. Furthermore, there are numerous money-changing establishments, and the number of such establishments has been increasing in recent times.

The principal developments which have been undergone by the Saudi banking system include the following:

1. The process of Saudization has enabled banks of foreign origin to increase their capital and the number of their branch banks, and consequently has enabled them to offer banking services which are more immediately available to the inhabitants of Saudi Arabia. Seven years ago only two banks--the Riyadh Bank and the National Commercial Bank--were permitted to open branch banks. Now, however, it has become possible for all of the banks to open branch banks in any city in Saudi Arabia. During fiscal year 1980/81 a total of 71 new branch banks were opened. This brought the total number of branch banks in Saudi Arabia to 259, and two-thirds of them belong to the two basic Saudi Banks [the National Commercial Bank and the Riyadh Bank]. In addition to this, the Saudi American Bank intends to open 50 additional branch banks during the next 5 years. At the same time, the Riyadh Bank, which at the present time has 80 branch banks, intends to open 50 more branch banks. Also, the Arab National Bank hopes to open 60 branch banks before the end of 1982, and this would mean that it would have twice as many branch banks as it did at the beginning of the year. And finally, the Saudi French Bank expects to open 21 branch banks during 1982, as compared with 13 branch banks [which it opened] in 1981.

2. As a result of the increase in the number of branch banks, there has also been an increase in bank deposits. At the end of fiscal year 1980/81 total deposits in commercial banks amounted to 61.339 billion Saudi riyals. This represents an increase of 17.6 percent over the previous year. Furthermore, there was also an increase in the banks' other sources of financing along with the increase in their foreign liabilities to the tune of 44 percent, and there was a 37.5 percent increase in their capital and reserves. Also, the structure of deposits began to gradually change as current accounts decreased to where they accounted for only 61 percent of the total deposits in comparison with 76 percent 3 years ago. This constitutes an additional factor of stability of the banks' capital resources.

3. Furthermore, Saudis have changed their attitude toward dealing with banks and have begun to demonstrate more awareness and understanding of banks' interest rates. This has been reflected by the change in the percentage of deposits in Saudi banks which do not pay interest. Four years ago they constituted 75 percent of the total deposits, by the end of 1981 they constituted 50 percent, and by the end of 1982 they probably will make up only 35 percent of the total deposits. This change in the nature of the deposits has encouraged numerous depositors to deal with local banks instead of resorting to the offshore banking units in Bahrain.

4. The rapid growth of the commercial sector in Saudi Arabia has led to a rapid increase in loans by banks to the private sector. During fiscal year

1980/81 the total in banks' local investments and loans was 40.252 billion Saudi riyals, that is, there was an increase of 37.2 percent. Furthermore, the distribution of bank loans to the various economic sectors also underwent a noticeable change which was in favor of the commercial sector, which accounted for 38.5 percent of the total bank loans, in comparison with 35.4 percent and 33.9 percent in the two previous years. This change was anticipated in view of the fact that specialized lending establishments are undertaking to provide the necessary financing to the industrial, agricultural, and construction sectors.

5. Saudi banks have also increased their participation in joint loans and other medium-term financing projects in Saudi Arabia. In the case of most of these loans, the participation is being carried out via Bahrain. This development took place after the Saudi authorities asserted that they did not wish to see the riyal become a European currency.

6. The expansion of banking activity inside Saudi Arabia has been paralleled by a clear interest on the part of the banks to expand the base of their foreign presence, in spite of the attraction of the domestic market. In addition to the Saudi International Bank, which has been established in London and the majority of whose shares are owned by SAMA, [Saudi] private commercial banks have begun to open branch banks abroad. The National Commercial Bank, for example, has a representative's office in London which will be transformed into a full-fledged branch bank in the near future. In February 1982 this bank obtained a license to open a branch bank in New York. Furthermore, the National Commercial Bank has been engaging in banking activities in the Far East, where it has representatives' offices in Seoul, Tokyo, and Singapore. The Riyadh Bank is also engaging in significant participation in foreign bank investments such as the Gulf Riyadh Bank in Bahrain and the Saudi Spanish Bank.

7. In December 1981 an important development took place as a result of the fact that SAMA undertook to restrict the activities of the money-changing establishments which, for a long time, had been engaging in the practice of accepting deposits which do not pay interest, dealing in foreign currencies, and cashing traveller's checks and money transfers. It is believed that the money-changing offices are involved in 25 percent of the total business engaged in by the commercial banks, including a third of the remittances sent abroad by workers--which total \$6 billion annually. The money-changers have been put under strict controls, and they are also being compelled to maintain a minimum of reserves, and this will enable the financial authorities to exercise better control over the financial activity going on inside the banking system.

8. Ever since it was founded, SAMA has played an important role in the development and monitoring of the banking system. It has continually pursued a conservative policy, has put strict limitations on dollar transfers of banks, and has always kept a close watch on their reserves, their liquidity requirements, and their loan policies. In this regard, banks are not allowed to accept deposits which total more than 15 times the amount of their capital and reserves. Also, they must deposit 50 percent of their capital surpluses

with SAMA, and these deposits are tantamount to deposits which do not pay interest. SAMA also obliges the banks to maintain liquidity of 15 percent and to open non-interest-paying accounts in SAMA which total 7 percent of their current accounts and 2 percent of their time deposit accounts.

It appears that the policy of Saudization of the foreign banks has been a necessary step toward the establishment of a banking system capable of undertaking the tasks of being a middleman in the financing of Saudi Arabia's economic development. The 40 percent foreign share in the ownership of the banks is both necessary and sufficient to attract foreign experts to the banking sector and to close the gap in locally available expertise in this field. It is expected that SAMA will be training more Saudis to take over administrative positions in the commercial banks and other financial establishments.

#### Direct Role in Investing Revenues

9. On the international level, the expansion and development of the Saudi International Bank provides strong confirmation of the fact that Saudi Arabia intends to play a larger direct role in the investment of its surplus oil revenues abroad. At the end of 1981, Saudi capital abroad totalled \$175 billion. Most of this was invested in the U.S., Western Europe, and Japan. The administration of these funds is becoming more difficult as time goes along.

10. In short, one can say that the Saudi banking system, after passing through the stage of Saudization, faces the challenge of being able to meet the needs of its local domestic customers and, at the same time--just like the other Arab banks--striving to occupy a prominent financial position in the international arena. In this regard, it is expected that Saudi banks will occupy a leading position in the field of joint international loans and that they will become more active in the field of providing modern banking services to both their [clients representing] domestic establishments and their foreign clients.

#### Banking Sector Developments Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 40, Oct 82 pp 83-85

[Interview with Dr Muhammad (Hunaydi), general manager of the Saudi Cairo Bank: "Poor Absorption Capacity of the Market Has Forced the Banks to Deposit Their Money Abroad"; date and place not specified]

[Text] Saudization is a result of SAMA's policy of supporting the banking sector.

The budget of the banks increased from 16 to 108 billion riyals in 7 years.

During the last few years the Saudi banking sector has experienced a sudden development which has had few precedents in the world, due both to the increase

in oil revenues and the step taken to Saudize the banks. Dr Muhammad (Hunaydi), general manager of the Saudi Cairo Bank, in the following interview reviews the results of Saudization with regard to his bank and touches upon some of the principal issues. Dr (Hunaydi) is the first Saudi with a Ph.D. degree to occupy the position of general manager of the bank. He received both his M.A. and Ph.D. in accounting in the U.S.

[Question] What have been the most important results of the plan to Saudize the banks in Saudi Arabia which have emerged during the last 4 years?

[Answer] The decision to institute Saudization has led to a tremendous development of the Saudi banking apparatus and to a great and rapid expansion of the base of national commercial banks, the number of which, as a result of this, has increased from being only two banks to a current total of nine banks. This increase took place after the addition of seven banks in which Saudi ownership came to be a minimum of 60 percent. These banks were the following: the Saudi Cairo Bank, Bank al-Jazira, Saudi French Bank, Saudi Dutch Bank, Saudi British Bank, Arab National Bank, and Saudi American Bank. The process of Saudization has led to an increase in the ability of the Saudized banks to expand in a number of areas. One result of Saudization has been that these new national banks enjoy rights and privileges which, as foreign banks, they previously did not have, especially the right to open branch banks in all areas of Saudi Arabia. These banks have utilized this new right during the last few years, and have greatly expanded. In 1978 the number of branch banks operating in Saudi Arabia was 110, but by the end of 1981 there were more than 300 such branch banks. This expansion and increase in number of national banks in Saudi Arabia has led to the emergence of an important phenomenon--the increase in competition between these banks and the gradual development of the means and mechanisms of the banking market, including the increase in the branch banks, in an effort on the part of these banks to attract depositors and offer [various] types of credit and other banking services. These banks have also increased their capital and reserves. Furthermore, the combined budget of the banks experienced noticeable development, having increased from 16.3 billion riyals in 1975 to about 108 billion riyals in 1981. Naturally this development was accompanied by positive results in the realm of training more Saudi experts [in the field of banking] and expanding their scope of activity. This is something which, of course, will pave the way for an increasing role to be played by domestic personnel in the administration of Saudi banks and in the efforts being made to achieve the necessary developments in the banking system.

#### The Results of 1981

[Question] What is your assessment of the results achieved by the Saudi Cairo Bank by the end of 1981 when compared with the previous year?

[Answer] Both the financial position of the bank and its final account statements demonstrate the degree of progress which the bank achieved in all of its operations by the end of 1981. There was considerable development in the growth rates of the bank's operations. The bank's general budget totalled 14.276 billion riyals by the end of 1981, as compared with 11.320 billion

riyals in 1980. Furthermore, total deposits with the bank were about 5.680 billion riyals by the end of 1981, as compared with 4.234 billion riyals in 1980. Loans and advances increased from 2.850 billion riyals in 1980 to 3.058 billion riyals by the end of 1981. Overall, total revenues earned increased from 362.5 million riyals by the end of 1980 to 698.3 million riyals by the end of 1981. These figures represent a great degree of development and growth, and there is no need to make any relevant comments or characterizations.

[Question] How do you reply to the accusation that Saudi commercial banks are channeling an important part of their resources toward investment in banks abroad?

[Answer] The fact that Saudi commercial banks are channeling an important part of their resources toward investments outside Saudi Arabia can lead one to draw either of two conclusions:

1. There is probably not sufficient domestic demand to absorb available bank financing.
2. The banks themselves are refraining from providing the necessary bank financing to the domestic market.

My opinion is that the first of these two conclusions is closer to the truth. I am of this opinion because the government is engaging directly in the financing of the most important economic activities [in Saudi Arabia], both via the public budget and via specialized lending establishments in Saudi Arabia such as the [Saudi] Industrial Development Fund, the General Investment Fund, and the Real Estate Development Fund. These establishments receive their capital and financing resources directly from the government. Also, they grant, free of charge, medium-term and long-term loans to the agricultural, industrial, and housing sectors. This fact makes it logical for Saudi citizens to resort to such loans in order to finance their agricultural, industrial, and housing projects. Furthermore, the availability of great sources of wealth in a broad sector of establishments and individuals in Saudi Arabia provides them with sufficient sources of financing of their own and makes it less necessary for many projects to take out loans from commercial banks. In addition to this, the noticeable change in the behavior of many customers and their great tendency toward putting any significant amounts of money in their accounts in various time deposit accounts for the purpose of getting the maximum benefit from these accounts has affected the structure of bank deposits and created a situation where savings deposits now constitute the greater part of the banks' total deposits. This makes it clear what the reasons are for the commercial banks turning their attention toward investing their resources in foreign banks.

The Most Important Developments: Agreements and a Computer

[Question] What are the most important developments which have taken place in the Saudi Cairo Bank, both in terms of technological and human resources?

[Answer] The Saudi Cairo Bank's board is concerned about developing national technical and administrative personnel and training them in the most modern

banking practices. The bank has had a continuing interest in training both its older and its newer employees, and the year 1981 saw great activity on the part of the bank in this field. During that year, the bank held three training courses in the bank's Training Center--courses in which 149 employees participated. The last of these training courses was held in cooperation with a number of professors from King 'Abd al-'Aziz University and specialists in the fields of banking and finance. Also, some employees in the branch banks in Riyadh were trained in SAMA's Bank Training Institute. And in order to develop technical and administrative personnel and acquaint the employees of the bank with the most modern international banking practices, the bank sent a number of study missions to both Cairo and the U.S. for training. Since the bank wishes to benefit from all of the new developments which occur in the international banking field, it has signed an agreement with Visa International to issue [Visa] credit cards to its customers. As of the early part of 1982 the bank actually did begin issuing these credit cards. The bank's participation in this area has helped to attract more new customers to do business with its branch banks. In addition to this, quite some time ago the bank began to use a computer to develop its banking business and services. The bank's current plan has the objective of extending the use of the computer to all of its branch banks in Saudi Arabia and linking the computer to an integrated system in order to facilitate the operations of the bank and in order that the bank offer better banking services to its customers.

[Question] What steps have the authorities taken in the area of regulating the money-changing trade?

[Answer] Several months ago the minister of finance and [national] economy issued a decision concerning regulating the money-changing trade in Saudi Arabia. This decision was a result of the feeling that these [money-changing] offices were in need of basic rules and principles as well as more regulation. The objective of the decision was to draw a line between the activities of the money-changers and those of the banks. On the basis of this decision, a stop was put to the opening up of new money-changing centers.

#### Checks Without Sufficient Covering Funds

[Question] The problem of checks without sufficient covering funds has become worse recently. What are your comments concerning this matter?

[Answer] Since many of our citizens have had an insufficient understanding of banks, some individuals were writing checks which did not have sufficient covering funds. However, the Ministries of Finance and Commerce became alerted to this problem and then issued some new decisions which have the objective of increasing the penalties for people who write checks without sufficient covering funds. They include fines and imprisonment. Also, their objective is to increase people's understanding of banks by informing our citizens that writing checks without sufficient covering funds is something which is punishable by law and that writing postdated checks is something which is forbidden since such checks are considered valid the moment they are deposited in a bank.



[Question] What is your opinion concerning the guidelines imposed upon the banks?

[Answer] I believe that SAMA is one of the strongest and richest central banks in the Arab world. It has a great deal of authority which gives it the right to exercise control over commercial banks, invest the government's financial reserves, and monitor and supervise the government's monetary policy.

SAMA has established a Bank Training Institute to train both its employees and those of the commercial banks in the various types of business engaged in by banks. Also, SAMA has a special office which is known as the Bank Supervision Office. It is an office which is highly competent and is able to exercise supervision of the banks and make sure that they perform all of their duties.

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CSO: 4404/85

ERSHAD TALKS TO NEWSMEN ON RETURN FROM NEPAL

Dhaka THE BANGLADESH OBSERVER in English 13 Nov 82 pp 1, 8

[Text]

Nepal has agreed to join Bangladesh and India in their efforts at augmenting the flow of the Ganges water during lean months provided such a proposal jointly sponsored by Dhaka and New Delhi is placed before Kathmandu.

Chief Martial Law Administrator Lt. Gen. H.M. Ershad during his recent trip to Kathmandu broached the issue before the Nepalese leaders and found a very favourable response.

The Chief Martial Law Administrator on his return home from a three-day visit to Nepal on Friday told newsmen that the Joint Rivers Commission which will meet shortly will work out the modalities of preparing the proposal.

Asked whether India has given her consent to such a proposal General Ershad said that during his visit to New Delhi he had come to such an understanding with the Prime Minister of India Mrs. Indira Gandhi. The CMLA said that it was imperative to know the minds of the Nepalese leaders on this issue and both King Birendra and Prime Minister Thapa made a positive gesture.

Lt. Gen. Ershad said Nepal is seeking an outlet to Bangladesh through river and land routes via India.

He said both Bangladesh and Nepal are keen on expanding the volume of bilateral trade but such expansion would take into cognizance the balance of trade difficulty. He informed that Nepal is keen on taking the jute technology from Bangladesh for the establishment of a jute mill.

Nepal-Bangladesh Joint Economic Commission will meet in January to scrutinise the entire horizon of the bilateral trade.

The Chief Martial Law Administrator said that Bangladesh and Nepal would formulate a joint approach for the forthcoming non-aligned summit to be held in New Delhi in March next year.

He said Nepal has agreed to promote the cause of the Least Developed Countries at the New Delhi non-aligned conference. Bangladesh had always been very vocal on this issue at all international forums. General Ershad said his talks with King Birendra and Prime Minister Thapa covered all important aspects of common concern.

Bangladesh and Nepal hold similar views on many international and regional issues he said.

The CMLA described his talks with the King of Nepal and his Prime Minister as very fruitful and these talks were held in an atmosphere of extreme cordiality.

Lt. Gen. Ershad said that the Himalayan range was a gift of Allah and it was really fascinating. He said that he was charmed by the beauty of the Himalaya.

The CMLA was accompanied by his wife Begum Ershad Foreign Minister Mr. A.R.S. Doha Agriculture Minister Mr. A.Z.M. Obaidullah Khan and the BDR Chief Major General Golam Muktar. BSS adds. The CMLA said that

Foreign Secretary Mr. Jagdish S.J.B. Rana and other senior officials. The CMLA of Bangladesh was assisted by Mr. A.R. Shams-ud-Doha, Foreign Minister of Bangladesh, Mr. A.Z.M. Obaidullah Khan Minister for Agriculture Maj. Gen. R.A.M. Golam Muktar, Bangladesh Ambassador to Nepal Mr. Abdul Bari and other senior officials.

Discussions were held in a fraternal atmosphere of cordiality, mutual trust and understanding covering international regional and bilateral issues. The two heads of government expressed satisfaction at the development of their bilateral relations and their mutual desire to further cement and consolidate the existing friendly relations between them. Bound by irrevocable ties of geography, history culture and tradition they agreed that they held a close identity of views on most issues of international and regional concern.

The two leaders reviewed the international situation and voiced their concern over the dangerous escalation of international tension endangering world peace and security and the continued deterioration of the global economic climate. They emphasised that peace and stability could only be ensured by strict adherence to the purpose and principles of the United Nations Charter and of the Non-aligned Movement, especially respect for sovereign equality and territorial integrity non-interference in the internal affairs of other countries non-use of force and peaceful settlement of disputes.

The two leaders noted with particular concern the dangerous deterioration in the situation in West Asia which threatened both regional and global peace and security. They emphasised that a comprehensive just and durable solution of West Asian crisis could only be achieved on the basis of relevant resolutions of the United Nations and through the exercise of the Palestinian people of their inalienable rights including the right to a sovereign independent state of their own.

They also expressed their deep concern at the recent developments in Lebanon and strongly condemning the wanton massacre of innocent Palestinian people called for the restoration of full sovereignty to Lebanon.

The two leaders while expressing their deep concern over the situation in Afghanistan and Kampuchea and the threat to the peace and stability of the region as a whole reaffirmed their principled stand urgently seeking a political settlement on the basis of withdrawal of foreign troops full respect for the independence sovereignty and territorial integrity of these states strict observance of the principle of non-intervention and a settlement which would allow the people of these states to determine their own destiny without outside interference.

The two leaders expressed concern that as a result of recent developments the Indian Ocean area could become the focus of great power rivalry in Asia and lead to tension and conflict due to increasing military activity and competition for naval superiority in the area. In these circumstances they expressed the imperative need that the 1971 UN declaration of the Indian Ocean as a zone of peace be implemented without delay as a contribution to international peace and security. They recalled the resolutions of the United Nations which called upon littoral and hinterland states of the Indian Ocean permanent members of the Security Council and major maritime users of the Indian Ocean to promote the objective of establishing a system of universal collective security without military alliances and to strengthen international secu-

rity through regional and international cooperation.

The two leaders expressed their unhappiness that adequate progress had not been possible for convening the international conference for this purpose and called for urgent and concerted action towards this end. His Excellency the CMLA of Bangladesh reiterated his support for the proposal that Nepal be declared as a zone of peace as a laudable objective contributing to peace and stability in the region.

The two heads of government reaffirmed their commitment to the achievement of a new and just international economic order and the priority need to promote the cause of the Least Developed Countries. They expressed regret at the continued stalemate in North South relations and the deterioration in the climate of multilateral economic cooperation. They expressed the conviction that all efforts should be made to reach an agreement on the early launching of global negotiations consistent with the wishes of the vast majority of developing nations. They also urged that simultaneous efforts should be made to achieve progress in areas of critical importance to developing countries particularly the Least Developed Countries such as food, energy financial flows and trade in the forthcoming meetings of the specialised agencies. The two leaders noted with appreciation the efforts made to foster economic cooperation among developing countries and stressed the need for these countries to agree on a charter of action for collective self reliance which would reduce their vulnerability to pressures emanating from the developed countries.

The two leaders recognising that the convening of the seventh summit conference of heads of state or government of the Non-aligned nations to be held in New Delhi was of exceptional significance in the present unfavourable development of international political and economic relations resolved to exert their maximum concerted efforts to make it a success.

The two heads of government expressed their conviction that increased cooperation among the countries of South

Asia in a climate of mutual respect and equality and the resolution of their bilateral problem through peaceful negotiation would contribute towards durable peace in the region.

The two leaders welcomed the progress that has been made in promoting the implementation of the proposal for structured South Asian regional cooperation. They noted with satisfaction that necessary preparatory work was well underway towards making the process self-sustaining and irreversible. They especially welcomed the decision of the seven South Asian countries to convene a meeting next year at the level of Foreign Ministers to launch a comprehensive programme of action of cooperative activities both in the short-term and the long term orientation. They agreed that the momentum should be maintained and all necessary steps be taken in cooperation with the neighbouring South Asian countries.

The two leaders noted with satisfaction the continued development and consolidation of bilateral relations between the two countries. They welcomed in particular the fact that since the process of dialogue at the highest level had been started there had been a significant increase in bilateral relations to their mutual benefit through all-round cooperation. The establishment of the Bangladesh-Nepal Joint Economic Commission had greatly contributed in maintaining this momentum.

The two leaders reviewed in depth the progress in the implementation of the agreed decisions of the Bangladesh-Nepal Joint Economic Commission (JEC) and stressed the need for further intensification of efforts by the authorities concerned of the two countries for implementation of the agreed decisions. They called for the holding of the first meeting of the review group as early as possible to monitor the progress of implementation.

The two sides expressed satisfaction at the start of the operation of the Royal Nepal Airlines from Kathmandu to Dhaka and agreed to hold talks as early as possible for incorporation of necessary amend-

ments in the existing air services agreement between the two countries.

The two leaders in recognition of vast untapped potential for harnessing water resources in the region for common benefit called for close cooperation among all the countries of the region both on bilateral and regional basis in the development of these resources for irrigation, power, river navigation flood control and other uses.

His Excellency Lieutenant

General H. M. Ershad NDC, PSC, the CMLA of Bangladesh expressed his gratitude for the warm hospitality extended to him his wife and the members of his delegation by the Rt. Hon'ble Surya Bahadur Thapa Prime Minister of His Majesty's Government of Nepal.

His Excellency the CMLA of Bangladesh extended an invitation to the Rt. Hon'ble Mr. Surya Bahadur Thapa Prime Minister of His Majesty's Government to visit Bangladesh which was accepted with pleasure.

CSO: 4600/1383

INDIA

# GANDHI REMARKS TO DEFENSE COLLEGE OFFICERS REPORTED

Bombay THE TIMES OF INDIA in English 19 Nov 82 p 1

[Text] New Delhi, November 18 (UNI).

The Prime Minister, Mrs Indira Gandhi, said today Sikhs who have made invaluable contribution for the country's progress also have "a major stake" in national unity.

Addressing officers attending courses at the National Defence College who called on her here, Mrs Gandhi observed the government was loathe to dealing with a heavy hand in resolving problems.

At the same time, it could not agree to demands which went against national interests and those of the masses, she observed.

Mrs Gandhi said the government firmly believed in redressing grievances through dialogue and negotiations.

Referring to the Akali issue, she said "We have been talking with them. We still believe in talking. We do not believe in coming down with a heavy hand."

## Boundary Issue

Referring to demands in certain quarters for opening the boundary question between states, Mrs Gandhi was categoric that this could not be done in any part of the country. There would be no end to the question if this was opened, she added.

She said the country's homogenous culture combining all the religions of the world in addition to many of its languages had not affected the basic feeling of Indianness and unity.

"This is what we have to guard against because if we lose this, we cannot be united. The country's unity will keep the defence forces and the country strong," she added.

CSO: 4600/1358

## GANDHI INTERVIEW WITH JAPANESE PAPER SUMMARIZED

Bombay THE TIMES OF INDIA in English 19 Nov 82 p 21

[Text]

NEW DELHI, November 18 (PTI).

**T**HE Prime Minister, Mrs. Indira Gandhi, has said that some important political and economic questions concerning all countries, especially the developing countries, would come up at the non-aligned summit to be held here in March.

"We hope that this conference will bring some useful results," the Prime Minister said in an interview to 'Yomiuri Shimbun' of Japan here recently.

Asked about the most important task before the summit, the Prime Minister said it was difficult to predict what the agenda would be because the foreign ministers would meet beforehand and finalise the items to be taken up.

"Our stress is also on trying to find those areas where we can co-operate more, rather than to have such subjects where we get lost in the bylanes instead of going on the main road," the Prime Minister said.

She noted that before every non-aligned conference there had been an effort by the press, the media and various elements to say that it was not going to succeed and the movement was going to break up.

"But somehow we have been able to weather all those storms and ups and downs on the road," she said.

Mrs. Gandhi said "the very fact that a large number of countries meet and discuss and get to know each others' points of view, I think, in today's world, is very useful."

Mrs. Gandhi, who replied to questions ranging from Kampuchea and Afghan issues to nuclear disarmament and the threat to world peace, said categorically that the non-aligned movement was a "useful and growing forum."

Replying to a specific question

whether the non-aligned movement had lost its influence in defusing the tensions of the world, the Prime Minister said "I don't think that it has lost any more than other international organisations have."

"You can say that the U.N. has lost if you look at it that way. But as I said earlier it is a useful forum. We found that when we had the last foreign ministers' meeting here, everybody thought that it was a useful meeting which strengthened the movement," she said.

"Now if it was such a weak movement why would the new countries want to join it," Mrs. Gandhi posed the question and said "we have a number of applications and some have already joined."

In fact, in numbers, "it is very much a growing movement," she said. Even now, countries which were not at all connected with it, were wishing to join, even from Latin America and so on.

Asked to spell out her political philosophy to lead a nation like India, Mrs. Gandhi said in today's world one was bound to be influenced by what was happening in other countries. "That is why, apart from what we are doing in our country, we have raised our voice in favour of disarmament, for instance, specially nuclear disarmament, because if there is a war, even if it is somewhere else, it affects us and it aggravates our own problems."

"But whatever strength we are trying to build — we are trying to make India strong — it is not to give leadership, not to influence anybody, but to solve our own problems and to help in having peace in the world," Mrs. Gandhi said.

Answering a question on the "happy prospect of Indo-U.S. relations and also her evaluation of the world policy of the Reagan administration, Mrs. Gandhi said: "We differ on

many policy matters with the U.S. administration at this moment — international problems as well as economic problems — and their attitude towards the developing countries for instance.

But we believe in co-existence. We are on this planet and we have to live with all the other countries which are there. So we try to find areas on which there can be some kind of agreement," she said and described her recent visit to the U.S. as a "goodwill visit". It was not to ask for anything.

Speaking on Indo-Japanese relations, Mrs. Gandhi said "we do want to have better relations with the Japanese government as well as the Japanese people."

"We admire the tremendous advance that Japan has made in technology. We think that the strength which it has gained should be used to try and improve conditions in the world as a whole", she said.

## TIES WITH CHINA

Commenting on the future on Indo-Chinese normalisation of relations, the Prime Minister recalled the initiative taken by her to break the deadlock. "The very fact that after so many years we again had diplomatic representation in each others' country and that we have met on these issues is a breakthrough by itself," she said.

So far there had been two meetings and the third would take place shortly, the Prime Minister said. "In these matters we have to be patient and try for the best."

Referring to Indo-Soviet relations, Mrs. Gandhi said: "We certainly hope that they remain a friend in need as we hope about other nations also."

On Indo-Pak relations, the Prime Minister said: "There is a great desire for peace and friendship between the peoples of the two countries."

MINISTER PROMOTES ISLAMIC POLICIES WITH PAKISTAN, IRAQ

Tehran KEYHAN in Persian 22 Nov 82 p 13

[Interview with Foreign Minister 'Ali Akbar Velayati]

[Text] After the meeting of the Council of Ministers yesterday, Dr Velayati, the Foreign Minister in a conversation with newsmen regarding the trip of a Pakistani delegation to Iran and the formation of the Supreme Islamic Revolution Council of Iraq, made the following statements: To begin with, regarding the trip of the Minister of Foreign Affairs of Pakistan to Iran, he said: "Mr Sahebzadeh Yaqub Khan, Minister of Foreign Affairs of Pakistan, has come to our country at our invitation and in response to the trip I made to Pakistan a while ago. This is a first-class trip concerning expanding mutual relations of our country with Pakistan, and talks were held on issues regarding the region and international affairs."

He added: "During his short stay in Tehran, he will hold meetings with ministers of the republic, the Majlis, and the prime minister."

In another part of his speech, Velayati said: "Our relations with Pakistan are based on good-neighborliness and are in keeping with our overall policy which is [maintaining] close relations with Islamic countries. So far since about ten month, trade exchanges between our two countries have increased."

He added: Likewise, our cultural relations have expanded in various dimensions, and the government of Pakistan has put a number of scholarships in Pakistani universities at our disposal for training Iranian students.

The Supreme Islamic Revolution Council of Iraq

Then regarding the attitude of the Foreign Ministry in connection with the formation of the Supreme Islamic Revolution Council of Iraq, he said: "This is a council that has been formed by various fighting strata of the Islamic nation of Iraq.

The freedom fighters and Muslim people of Iraq have engaged in many fights against the regime of Saddam Husayn, and it is their right to set up a genuine government desired by the Iraqi nation; and we will not stint on any struggle and giving moral and material support to set up a just, popular Islamic Government in various countries."

## IRAN

### NURIZADEH RECOUNTS SOVIET ACTIVITIES, HIS RELATIONSHIP WITH RUSSIAN AGENT

London AL-DUSTUR in Arabic No 259, 8 Nov 82 pp 3-6

[Article by Dr 'Ali Nurizadeh: "The Spy Who Uncovered Moscow's Plans in the "Gulf"]

[Text] In Tehran there is a beautiful palace, surrounded by vast gardens, overlooking a large lake, in which boats ply about. It also overlooks a vast forest, in which gazelles abound.

One hundred years ago, the palace was named "Atabek" Palace, which referred to the name of the man who was in charge of the education of the crown prince, in the days of Nasereddin Shah Qajar, the shah of Iran in the last century, Mirza 'Ali Asghar Khan Amin Sultan, the Iranian prime minister during three reigns of Qajar kings, who purchased a piece of land in what at that time was north Tehran, but what is now in the midst of the capital, and built his palace on it, surrounded by walled gardens.

When Mozaffaredin Shah gave Atabek his choice of travelling to Europe or to prison, Atabek left Iran and went to Japan and then America in 1896. After his departure from Iran, the embassy of Czarist Russia bought the palace for 500,000 Iranian tumans, which is equivalent to 100,000 pounds sterling at that time. The embassy of Czarist Russia had two buildings, in addition to the palace. One of them was in the center of Tehran's business district, close to Gulestan, the palace of the Qajar kings, and the other was in north Teheran, in the Pol-e Rumi area, near Shemiran, the quarter of wealthy people and foreigners, with cool air and nice weather. After the Bolshevik revolution, Russia maintained the three buildings in Tehran, and assigned the Pomenar building in central Teheran to be the commercial attache's office. The Pol-e Rumi building became the ambassador's summer residence, and a headquarters for guests, Soviet intelligence elements and an operations room for monitoring secret and wireless communications among foreign embassies in Teheran, such as the British, Turkish and West German embassies. As for Atabek Palace, it was assigned as the official, permanent and principal headquarters for the embassy and for the Soviet representatives in Tehran.

This main building is now located in the center of Tehran, between Ferdows and Hafez Streets, named after two of the major Iranian poets of past



centuries, and Shah Reza Street, which is now called "Revolution" Street or Stalin Street.

The embassy's acreage is more than 300 hectares, containing several buildings, housing complexes, a hospital, an electrical station and a movie theater. All of the workers in the embassy, from diplomats to administrators and servants, come from the Soviet Union. In the days of the shah, their number ranged between 170 and 300, in addition to the offices of the commercial and cultural attaches and the military missions.

After Khomeyni came to power, Sadegh Ghotbzadeh protested the large number of Soviet embassy officials in Teheran, and the number was reduced to 50. The Soviet consulates in Esfahan and Rasht were closed as well.

Moreover, the Soviet embassy was the stage for many events, including important meetings that took place in the past, including the big three, Roosevelt, Stalin and Churchill in 1943. Spy stories, more provocative than the James Bond tales, took place inside the embassy walls.

In this issue, AL-DUSTUR reveals some of the stories of the Soviet Embassy in Teheran, whose hero is Bladimir Andropovich Kuzychkin, the vice consul general in the Embassy until last June, and whose presence in Britain as a political refugee was revealed last week.

The first time that I met Kuzychkin was in the second week of October 1977, at the newspaper ETELAAT, where I was editor of the political department. I usually met in the newspaper's main office with the press attaches of the foreign embassies in Tehran in order to exchange views.

At that time, the new press attache of the Soviet Embassy came to the newspaper with two embassy officials to meet with the director of ETELAAT, who has asked me to attend the meeting. When I entered his office, I saw Vladimir for the first time, with the new press attache and another diplomat.

Vladimir began by welcoming me in Persian. He was proficient in the Khurasan dialect or old Persian. He told me that he was an "admirer" of my position regarding Palestine and the Arabs, but he also said that he had been distressed when he read an article that I had written regarding "Notes on the Sugar War in Cuba" by Jean Paul Sartre. This meeting is still fresh in my mind, probably because of Vladimir's elegance and French clothes which contrasted the appearance of the press attache, who looked like a grocer from Nisapur.

A week after this meeting, SAVAK arrested me and interrogated me about my relationship with Vladimir. I was released after I clarified the matter for them.

This incident prompted me to contact some friends who were in touch with secret opposition groups, in order to learn from them the extent of Vladimir's importance. I was told by one of them, who was from the Feda'i-ye Khalq

organization, that Vladimir was chief of Soviet intelligence in Tehran, and that he supervised the Iranian Communist Tudeh Party and the party's secret newspaper NAVID, which was published in the Soviet embassy's headquarters, following Vladimir's arrival in Tehran.

Thus, this was the beginning of my knowledge of Vladimir and his work in Tehran.

Vladimir came to Tehran after the Soviet intelligence's network in Iran was shaken by SAVAK's arrest of General Amir Mostafa Moqarrabi, chief of the Office of Electronic Projects and Plans in the Army. It was revealed later that he had been an agent for the Soviets for more than 30 years.

Moqarrabi was one of the elements of the network of communist officers who were arrested in 1958. They were executed, but Moqarrabi was saved from arrest and execution, because he was not discovered at that time. He remained in his post until he reached the rank of general.

General Moqarrabi supplied the Soviets with secrets of the military relationship with America, joint maneuvers, the Iranian Army's programs and Iranian weaponry.

When he was arrested, the shah ordered his execution, along with four of his comrades. More than 20 of the Soviet embassy staff in Teheran were deported, after the relationship between them and Moqarrabi and his network was proved.

The Soviets did not forget this blow, and they recruited Vladimir and sent him to Teheran as vice consul. They assigned a Mercedes car to him, in contrast to their custom of using Volgas or Moscovitches.

Vladimir came to Teheran, accompanying the new ambassador, Vinogradov. He leased a huge villa on Bucharest Street in North Tehran, and began his contacts with the opposition groups through embassy parties or in the Soviet Film Society, which was tantamount to a Soviet cultural organization in Tehran.

Invitations suddenly began to pour in, to attend the Russian ballet or poetry evenings or cultural forums. Each time, Vladimir would be our host and the first to welcome us. Stories began to spread about Vladimir's extravagance, his love for pleasure and diversion, and his private social gatherings, in which some Iranians usually participated.

General Mo'inzadeh, commander of the Iranian Liberation Army, who recently gave an interview to AL-DUSTUR, had a number of facts concerning Vladimir's relationship with communists and radicals in Teheran. General Mo'inzadeh was head of the Iranian intelligence branch in Britain during the shah's regime and deputy chief of G2, that is, army intelligence. He said that G2 knew the facts of Vladimir's contacts and had told the shah about this information. The shah ordered a leftist Iranian be recruited, and in fact such a man was selected. He got in touch with Vladimir and later became one

of his close friends. Through this man, in General Mo'inzadeh's words, "We were aware of all Vladimir's movements, as well as his relationships and contacts. For example, we were told that Vladimir had asked him to take 2000 copies of the communist newspaper, NAVID, to a soiree for Iran's poets, given in the West German Goethe Institute. We asked our man to do what Vladimir had told him. When he went to the Goethe Institute's garden, and began to distribute the newspaper, we became aware of some of those who were in permanent contact with the Soviets, and we arrested them."

I was present that evening, and when I read a poem and declared my best wishes to the people of Palestine, I suddenly found Vladimir at my side. He said in Persian "dast marizad," which means "God bless you!"

Three months after this evening, the Iranian incidents began in Qom and Tabriz. For history, I would like to say that the role of the communists in Iran's events was like the role of a machine whose engine was firmly established inside the Soviet Embassy, where Vladimir was supervising the writing of publications and their distribution.

Vladimir's wife was not with him when the Iranian incidents began, but people saw him with a beautiful woman of Egyptian birth and British nationality. She lived in Iran, after her separation from her Iranian husband, Ahmad Moradian, who was head of the Pars Insurance Company.

Vladimir called that beautiful woman "Zuzu," and she was in fact nothing more than an agent of British intelligence. Vladimir had in fact begun to work as a double agent for British intelligence.

There is considerable evidence to confirm Vladimir's relations with the West.

As an example, in March 1979, Moscow ordered Vladimir to contact an independent leftist group in Iran. This group had seized SAVAK documents on the day the shah fell, while attacking SAVAK headquarters. Vladimir contacted this group, in pursuit of the Iranian intelligence documents, and specifically the secret dossier of the investigations into the General Moqarrabi case. Vladimir promised the group that in exchange, he would give them considerable support, as well as the names of the American agents among Khomeyni's supporters.

A week after this contact, that organization sent one of its leaders, Mohammed Reza Sa'adati, who was later executed, with the complete dossier of the General Moqarrabi case.

The meeting was in a tourist agency, which was managed by this leftist group. Vladimir did not attend, but on his behalf, sent his assistant Alexander Pogranov. No sooner had the meeting begun, than the police forces raided the place and arrested Sa'adati. Pogranov was deported from Iran. I revealed the details of this meeting in the magazine OMID-E IRAN. Vladimir suddenly contacted me to inquire as to how I had obtained this information. I refused, saying that a journalist does not reveal his news sources.

I later learned that Vladimir was the one who told British Intelligence about the forthcoming meeting with Sa'adati. Word of this reached the Americans, who for their part told Bazargan, the prime minister at that time. He ordered the raid on the building, where the meeting was to be held in just a few hours.

In the first part of March 1982, the Soviets began to have some doubts about the reports and documents sent to them by Vladimir, and they summoned him to Moscow. Vladimir sensed that his end had come as a double agent, and he suddenly disappeared. His Mercedes automobile was found one morning, and the Soviet ambassador officially protested to the Iranian authorities, accusing "extremist religious groups of having kidnapped Vladimir." However, the Iranian authorities had no information or knowledge about Vladimir's fate. He was in hiding in Teheran for 2 months, and then, with the help of some friends, went to Shiraz and from there to the port of Chenavah, where he boarded a fishing boat, which put him off in a Gulf Emirate. He was received there by members of a European nation's embassy.

From there, Vladimir flew to London, where elements from the main headquarters of British and American Intelligence interrogated him during the last part of last July.

The Tudeh Party's relations with the Khomeyni regime have become strained since the first part of last August, when some ministers who had firm relations with the Iranian communist party were dismissed. The head of the party was arrested, and its printing press and newspaper were confiscated. There was more than a little evidence that Vladimir's confessions about the Iranian Tudeh Party and its programs to reach power had been sent to Tehran, along with a list of the names of Soviet agents, members of the Tudeh Party, and other agents among the supporters of Khomeyni, for example, Hojjat ol-Eslam Kho'iniha, Hojjat ol-Eslam Savoji, and Hoseyn Sheykh ol-Eslam, the deputy foreign minister and head of the students' group who seized the American hostages. Vladimir also revealed the role of the Tudeh Party in this case, and about Soviet relations with Iranian sects and the Turkoman and Kurdish minorities.

The blow directed against the Soviets, after the flight of Vladimir Kuzychkin to the West, was a crushing one, because of Vladimir's position as head of the K.G.B. in Iran and the Gulf area, and his knowledge of the names and networks of Soviet Intelligence in the region.

There is no doubt that Moscow is currently busy changing all its plans in Iran and the Gulf. Precursors of this change began to appear after Nureddin Kianuri's flight to Moscow. He was secretary of the Tudeh Party; his deputy Ehsan Tabari also went to Moscow. Amir Khosrovi was appointed party secretary in Iran. He had sought refuge in Moscow for 2 years during the shah's reign.

After the arrest of Hoseynzadeh, head of the military bureau in the Tudeh Party, last August, 'Ali Asghar Amu'i was appointed as the "military official."

Reliable sources say that the size of the Soviet losses, due to the collapse of their network in the area, was considerably larger than people expected, and that the coming days will reveal the cost of the Soviet man who fled from Teheran into the arms of Western intelligence.

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CSO: 4604/3

HAKIM: 'SADDAM'S OVERTHROW POSSIBLE ONLY BY ARMED STRUGGLE'

Tehran ETTELA'AT in Persian 24 Nov 82 p 2

[Interview with Hojjat ol-Eslam Mohammad Baq-er Hakim; date and place not specified]

[Text] Following the establishment of the Supreme Islamic Revolutionary Assembly of Iraq and the start of a new turn in the Islamic struggles of the Muslim people of Iraq, we decided to discuss certain questions with Hojjat ol-Eslam Mohammad Baq-er Hakim, the assembly's spokesman and to clarify new points for the information of the heroic people of Iran. We herewith bring you our interview with him:

Question: If possible could you tell us something about the members of the Supreme Islamic Revolutionary Assembly of Iraq, their number and other details about them and when and how the Assembly was established?

[Answer] In the name of God, the compassionate, the merciful. With greetings to the prophet of God and the pure and unsullied society. The Supreme Islamic Revolutionary Assembly of Iraq was formed a few months ago and consists of an organizational structure and articles of association that reflect its objectives, aspirations and programs. The Assembly consists of a number of various specialized commissions of which some are working on political matters, others on military matters and yet others on additional issues related to the Assembly such as mobilization, manpower, and the correct and proper techniques for the utilization of these forces. Insofar as the number and names of Assembly members are concerned I must say that it has been decided that at this stage these two matters should remain secret. Of course in the future this will be done and details about the Assembly and the names of its members will be announced.

#### Non-Muslim Groups and Parties

Question: What is the position of the Supreme Islamic Revolutionary Assembly of Iraq vis-a-vis non-Muslim groups and parties which are opposed to Saddam's regime?

[Answer] The Supreme Islamic Revolutionary Assembly of Iraq in fact consists of a series of basic objectives of which foremost is to topple the Saddam

regime and to establish an Islamic government in Iraq. Other objectives of the Assembly include fighting and confronting world arrogance, the protection of the deprived and oppressed of the world as well as the protection of the welfare and interests of all the people of Iraq, irrespective of creed, race or language. For this reason the Assembly is prepared to grasp the hands of all true and unallied forces who are fighting to reach the main goals mentioned above.

If non-Muslim political groups are sincere in their struggle and wish to cooperate with us in achieving a number of the aforementioned objectives, meaning the overthrow of the devilish-idolatory Saddam regime, fighting and resisting world arrogance and the protection of the oppressed, we can proceed toward a true and effective cooperation.

Question: Can you please give some explanation regarding the parties, groups or organizations which have participated in this large union to establish the Supreme Islamic Revolutionary Assembly of Iraq?

[Answer] This Assembly has in no way been a coalition between parties and groups to form a front, for example. This Assembly is composed of a group of Muslim and religious personalities. In practice these individuals may be connected with one of these Muslim forces inside Iraq but from the point of view of the Assembly they are considered as individuals and not as representatives of groups, organizations or parties with which they are connected. Their membership is only because they are religious personalities who are accepted and respected by the people of Iraq, have had a role in the Islamic movement of Iraq and activities of the people, and are believed in by all present and active forces.

#### Activities of Left-Leaning Parties

Question: Would you please give us your views concerning groups and parties such as the group which broke away from the Ba'ath Party of Iraq and supports the Syrian wing of the Ba'ath Party led by General Hasan Naqib, as also Jalal Talebani and similar individuals who have based their activities in Syria, bearing in mind that these too, along with two or three left-leaning parties have formed a coalition and have set programs?

[Answer] In answering the previous question I clearly stated that the Supreme Islamic Revolutionary Assembly of Iraq will accept with open arms all true and sincere forces which are fighting for the attainment of the stated objectives. In fact this Assembly is not a representative of a party, a faction and/or a group from among groupings existing in Iraq but rather a true representative of all political forces existing there and for this reason is prepared to cooperate with all forces which are striving to achieve the aforementioned objectives.

If they fight sincerely to attain the goals we mentioned including to stand up against world arrogance with all its shapes and hues, to concentrate their efforts toward the overthrow of the ruling regime in Baghdad and to strive to resolve the difficulties of the Muslim people of Iraq, we would be prepared

under such conditions to cooperate with all political forces which are fighting to reach these goals.

#### Programs and Projects

Question: What are the political, economic and educational programs and projects which will be taken in hand by a government coming to power through your Assembly after the overthrow of Saddam?

[Answer] We said before that this Assembly is striving to bring an Islamic Justice government to power in Iraq. Such a government will be based on the noble concept now known as theocratic rule. The intellectual and ideological basis of this line has been described in a series of books published on the matter, with its practical crystallization being the person of the Imam of the People Khomeyni, may God protect him.

From the political viewpoint this Assembly is based on the principle of 'Neither East Nor West' in that it will not rely on present powers and forces in the world. From the domestic point of view the assembly strives to resolve the tormenting difficulties presently faced by the Iraqi people. We think that Islam with its concepts, projects and decrees is the proper solution to all these problems. Among these problems must be mentioned the racial difficulty and division presently existing between the Kurds and the Arabs. The existence of such a problem has been the remoteness of the Muslims of Iraq from Islamic thoughts as well as because the regime itself has ruled on the emotional basis of racism and chauvinism, with its natural consequence being to make the Kurds feel deprived and oppressed. But when a government is based on Islam and Muslim brotherhood and the concept that the Kurds and the Arabs must share on an equal basis in benefiting from resources and wealth and in running the government, that possibilities and opportunities be made available to them to assume their share in ruling and in determining their destiny, then there will no longer be a Kurdish problem because under such conditions all Muslims will live with similar and equal rights in Iraq. Given such conditions and such a situation, there will no longer be a difficulty in the name of a Kurdish problem and Muslims, regardless of their nationality, will benefit from uniform rights. In the same way other existing problems have been caused by the division, dispersion and segmentation created between the Iraqi nation. For example, another problem of the nation is its economy since that economy is totally dependent on oil and its export. This has resulted in the annihilation of all capabilities of the country including agriculture even when farming possibilities of Iraq, both from the point of view of water supply and land availability, are abundantly available. The agricultural problem stems from the dependence and reliance of the regime on the big world powers in importing their products against the export of oil.

The excessive production of oil to keep the powers satisfied works to the loss of the people of Iraq. This act forces the Iraqi farmer to abandon village and agriculture, to migrate to the cities and to come up against many problems and difficulties. These difficulties can only be resolved through the adoption of special economic and Islamic policies, methods which only rely on forces, capabilities and resources of the people and the mines and natural



resources that God has provided them as well as attachment to neither East nor West. This was a general view of the objectives by means of which the Assembly wants to resolve the difficulties and problems of the people of Iraq through noble Islamic methods.

Question: Generally speaking, what are the Supreme Islamic Revolutionary Assembly's official membership requirements?

[Answer] As I explained earlier, this Assembly is not a front nor a coalition of various groups and parties but is composed of a number of Islamic personalities who have specific goals, methods and special style in their thinking and policies. Anyone who accepts our goals and programs in thought and in policy can become a member of this Assembly if he meets the abovementioned general requirements.

#### Military and Political Means of Solution

Question: Brother Hashemi Rafsanjani spoke during last week's Friday Prayer about giving a military base to Iraqi refugees and expellees so that Iraqi Muslim revolutionaries could intensify their means of struggle against the mercenary Saddam regime. If this proposal takes practical form, how would you use it?

[Answer] You know that the overthrow of the mercenary regime of Iraq is among the basic objectives of this Assembly because the Saddam government is an oppressive and devilish-idolator regime that cannot be toppled merely through the adoption of political means and methods. Rather, it is necessary to travel the road of martyrdom in order to eliminate the regime. It is because of this that the matter of military bases comes to be considered as an essential need because from the viewpoint of this Assembly attainment of the set objectives cannot but come through armed struggle. Apropos, a large number of Iraqi expellees living in Iran as well as refugees and even those outside Iran strongly insist to be allowed to join the fight against Ba'athist mercenaries alongside Islamic Republic combatants. Naturally, this makes the necessity of having such bases more obvious. These bases can serve as the means of bringing dispersed brothers into one place to allow their faith and martyrdom-seeking to be put to use. This is because they are determined to topple the devilish-idolator regime of Iraq and to seek revenge for the blood of those martyred especially our master, Ayatollah Seyyed Mohammad Baq-er Sadr, may heavenly benediction be upon him, who was martyred in fighting against this regime.

#### Government Cadres

Question: Has the Supreme Islamic Revolutionary Assembly of Iraq set up the necessary governmental cadres for taking over power once Saddam is overthrown?

[Answer] This is not a governmental assembly for Iraq but rather one for uprising and fighting and leadership for the fight to topple the regime in power in the country. After the realization of its goals, the most important being the overthrow of the devil-idolator system in Iraq, the Muslim people of Iraq will be asked to vote to indicate their views on make-up of the regime and

leadership of government. Bearing in mind the sacrifices and the generous giving of the Muslim people of Iraq on the path of Islam we have no doubt they have the desire for the grandeur, splendor and the power of Islam and we believe they will choose Islam and the Islamic order.

In any case there is no other way but to refer to public opinion and public vote in determining the shape and governmental leadership of the future.

#### Relations With Arabic Countries

Question: Once you come to power after the fall of the Saddam regime, how would your relations be with various Arab countries?

[Answer] Naturally there are common interests in which countries of the region, especially Arab nations, have a share. These interests are those of the deprived and the oppressed because all Arab countries of the region have been subjected to the military, cultural and economic assault of imperialism and colonialism. These countries share common bonds in their vital interests. These common interests will be the axis of our relations with all countries of the region. Nations which defend the interests and welfare of the countries of the region and whose stand is based on confronting and fighting world arrogance and in fighting the power- and dominance-seeking of world colonialism in the region will be in the same ramparts as ourselves. On the basis of the interests of the countries of the region we shall have good relations with them. In the case of countries who take inimical positions against the interests of the nations of the region and work to establish the dominance of world arrogance in the region, however, our attitude will naturally be quite different. This is because we work toward the fulfillment of the aspirations and viewpoints of the Muslim people of Iraq and it follows naturally that the Muslims of Iraq see these countries as enemies because they are the representatives and delegates of world imperialism in the region.

#### Iraq-Iran Relations

Question: Would you please comment on relations between the future government of Iraq and the Islamic Republic of Iran?

[Answer] The Muslim nation of Iraq sees the Islamic Revolution of Iran and the leadership of Imam Khomeyni, may God protect him, as an Islamic revolution possessing the ideology and direction of Islam. At the same time they also consider the Islamic Republic of Iran as a true base for the protection of the oppressed and the deprived of the world. For this reason I foresee that strong ties will be created between the future Islamic republic of Iraq and the government of the Islamic Republic of Iran because their intellectual foundation and thinking will be the same, meaning the theocratic rule and the noble Islamic line which is considered the line of the prophets, the praise and the greetings of the Almighty to them. Another political concept which will be equally applicable for both countries will be the slogan of 'Neither East Nor West.' Moreover, the attitude of the Islamic Republic of Iran for protecting the oppressed and deprived of the world reflect the very same viewpoints which the Muslim people of Iraq seek in their fight against oppression, arrogance and colonialism.

Question: do you have a message for the nation of Iraq, refugees and Iraq pow's in Iran?

[Answer] The issue we must discuss with the Iraqi nation, both the peoples who are presently in Iran as refugees, expellees and pow's as well as those living outside or inside Iraq is that at this sensitive period it behooves them to carry out their historic responsibilities and recognize that the Saddam regime is now totally weakened and going through the last days of its existence.

Naturally, colonialism and world imperialism will seek to put into effect projects and plans so that they may be able to put a regime similar to Saddam's in his place which will in a different fashion also protect the interests of the imperialists, represent their wishes and carry out their instructions. It therefore becomes incumbent upon the people of Iraq who are the true masters of their country to shoulder this their historic responsibility and to be vigilant for imperialist plots and designs so that so much self-sacrifice, abundance of contribution and martyrdom shown by the heroic nations will not have been in vain. They must take their stand in defense of Islam, in establishing its laws, in serious efforts in toppling the ruling regime in Baghdad and in replacing it with an Islamic regime that would assure their full interests.

They must take heed of the guidances and the showing of directions by Imam Khomeyni, God protect him, because his statements and messages directed to them result from the religious responsibility he feels.

Moreover, he is the true model of a Muslim leader who has dedicated his whole being to Muslims. The guidance and direction voiced by him are therefore intended to serve the true welfare and interests of Muslims. Here I would like to call on all Iraqi brothers to pay attention to the guidance of the Imam of the People, may God protect him, to act according to his directions and to shoulder their heavy historic responsibility for overthrowing the devilish-idolator Saddam regime and replacing it with an Islamic system.

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CSO: 4640/58

# MUSSAVI CONDEMNS MITTERRAND'S FRIENDSHIP WITH IRAQI BA'ATHISTS

London IRAN PRESS SERVICE in English No 100, 2 Dec 82 p 7

[Text] Premier Mir Hussain Mussavi described French President Mitterrand as a friend of the Iraqi Ba'athists last week and said that the Western powers were far too involved in their friendship with Baghdad to be impartial judges between Iran and Iraq.

Mussavi was commenting on reports that Mitterrand was interested in seeing an end to the Irano-Iraqi war. However, observers in Iran believe that his remarks were intended to appease those clerics who have recently adopted an extreme anti-French stand. These are mainly clerics close to Montazeri's office and are said to be violently anti-French.

Observers in Tehran maintain that Montazeri harbours a personal grudge against the Mojahedin leader Massoud Rajavi because Rajavi's terrorists were thought to be involved in the blowing up of the Islamic Republican Party building in which Montazeri's son Mohammad was killed along with some 70 others.

According to these observers Montazeri has not yet managed to get over the assassination of his son. He has vowed to avenge his assassination and in particular to see to it that Rajavi is duly punished for his part in it. While Rajavi is being given hospitality by the French Government, the sources say, Montazeri will not allow normal relations with France.

At the same time, the sources say, a number of officials of the Islamic republic are anxious to cultivate better ties with France, arguing that the French would be valuable to Tehran if they were given some lucrative contracts.

Pro-French mullahs argue that the French arms industry as well as technology could be valuable to the Islamic regime. Moreover, they argue that France is the only technologically advanced country which is neither an American stooge nor in the Russian camp.

Not long ago arrangements were made for a new French envoy to take up his post in Tehran and for Air France to resume its flights to Tehran.

But the assassination of the Kermanshah Friday prayer leader and several other incidents strengthened the position of the anti-French faction within the mullahs, which includes Mohammad Jannati and hanging judge Mussavi Tabrizi.

It is not known why these two mullahs are anti-French; some people suggest that both are close to the Russians and fear that closer ties with France might work against their plans to strengthen ties with the Soviet Union.

Air France flights to Tehran have now been resumed and its office in Tehran is said to be doing good business. Turkish Airways and Pakistan International Airlines have also resumed flights to Tehran.

CSO; 4600/147

# MULLAH'S DEFENSIVE TALK PUZZLES OBSERVERS

London IRAN PRESS SERVICE in English No 100, 2 Dec 82 pp 1, 2

[Text] Iran's Islamic government in the past week spent a lot of time assuring the world that if they planned to attack Iran they would find the people unafraid and fully prepared to fight. Observers could not make up their minds on whether the mullahs really did fear that someone, even the Soviet Union, might be planning to invade them; or if it was merely trying to bring out the patriotism of the people because the war with Iraq is bogged down for the foreseeable future.

Some analysts felt the reaction of exiled Iranians over the conciliatory tone of U.S. President Reagan towards his new Soviet counterpart Andropov might reflect similar suspicions of collusion among their compatriots back home. The exiles cried "Foul" immediately Reagan suggested the two superpowers could become closer, and without hesitation they assumed a carve-up of interest in Iran was on the cards. [as published]

The mullahs, too, these analysts suggest, don't like to think of Washington and Moscow discussing Iran's business behind their backs. If their more sophisticated, western-educated compatriots are full of suspicions over American and Soviet intentions--not to mention those of Western European countries, Israel and others--then the benighted clergymen in Iran were certain to be even more full of dark foreboding, they point out.

Among those who indulged in strong talk on the subject this week was the Islamic republic's president Ali Khamene'i, who received representatives of the Baseej (Mobilisation) organisation and claimed that this organisation had already trained 2.5 million Iranians for warfare.

He said the organisation had 6,000 "resistance" bases, and 9,000 "resistance" groups were serving around the country. They could easily mobilise 400,000 fighters; many of these had already played a big role in the revolutionary militias in the war.

"We want all the world to see, especially any country poised to attack us... that we are not afraid of invasion from abroad," Khamene'i said.

His remarks might not have attracted much attention if his theme had not been taken up by other speakers during the week. Among those who echoed him was

revolutionary guards chief Mohsen Rezai, who also assured the world that Iran did not intend to liberate any part of Iraq, "for that will be done by the Iraqi people themselves."

A veteran Iranian diplomat suggested to IPS that the mullahs were merely wanting to point out to new Soviet leader Andropov that he would get far worse than in Afghanistan if he contemplated any moves to annex Iranian territory. "Iranians are very sensitive to Russian designs on their territory, for in Qajar times, thanks partly to British intrigues which diminished the rulers' powers, the Czars were able to take over vast areas of Iran which are today absorbed into the Soviet Union," he pointed out.

"The mullahs, like Iranians everywhere, have read of the appointment of a confirmed Azarbaijani nationalist as boss of the KGB and to new eminence in the Soviet Union. They just want to warn that his professed dreams of an Azarbaijani socialist republic including Iran's Azarbaijan provinces just won't come off."

CSO: 4600/147

# IRANIAN FEARS OF SOVIET-U.S. COMPLICITY

Tehran IRAN PRESS SERVICE in English No 100, 2 Dec 82 pp 2-3

[Text] Iranians, in the aftermath of the death of Leonid Brezhnev, are becoming more and more anxious about what they see as signs of increasing "give and take" between Tehran and Washington.

Exiles have not missed the significant fact that in a 21-page cover story on Brezhnev's death and his successor by the influential U.S. TIME magazine, not a word is reported about Iran. This might not have been so noteworthy by itself, but they point out that a two-page interview with Vladimir Kuzickshin, a former high ranking KGB agent in Iran, which accompanied it, was entirely centered on Afghanistan, without a single word on the situation in Iran, where the agent was based.

What makes Iranians suspicious is that in the TIME magazine interview, it was clearly stated that the 35 year old "former KGB major" had served under cover in Iran for five years, delegated, according to TIME, to the ultrasecret "Directorate S."

Interestingly enough, the wide-circulation French news magazine L'EXPRESS which in its cover story also dedicated over 21 pages to the Soviet Union, states that "if there is one country where Andropov will follow the situation on a daily basis, that country is obviously Iran."

Leading defence correspondent of L'EXPRESS Jerome Dumoulin, in a piece entitled "The Intercontinental Empire" said that because he has been at the helm of the KGB for 15 years, (Andropov) knows very well that it is Iran which is of primordial importance to East-West rivalry in the Third World.

Dumoulin points out that the installation of the Soviets in Afghanistan has greatly shortened the distance their aircraft bases are from the warm waters of the Persian Gulf, while the 2,500 kilometres-long Irano-Soviet border, because of the Soviet invasion of Afghanistan has practically increased two fold.

As evidence of a tacit Irano-Soviet entente, the French journalist, quoting U.S. sources (despite the U.S. media's silence on the issue) reveals that besides a tracking station the Russians, with the knowledge of the Iranians, have finished the construction of six air bases in southern regions of Afghanistan. "These latter, for the first time, put all the oilfields of the Persian Gulf and loading ports within easy range of Russian air strike forces," he wrote.



"At the same time," continues L'EXPRESS, "politico-military pressure by Moscow on Iran is increasing. Certainly, Tehran continues to accuse the Soviet Union as being an imperialist power. Has it not cancelled (unilaterally) the 1921 Irano-Soviet Treaty (which allows Russia to enter Iran by force if genuinely threatened from that side of its borders) a treaty which Russia sticks by as firmly as ever? Certainly, too, the Iranian pro-Soviet communist party, the Tudeh, has been severely repressed since the Islamic power has learned about its underground activities. Nevertheless, while Westerners are totally absent from Iran, thousands of Soviet agents and experts continue to be there. Practically the totality of Iranian needs in arms and food goods transit through the Soviet Union."

Another striking contrast is shown in European and American viewpoints on the Kremlin's new boss and the way he is portrayed on two sides of the Atlantic.

Exiled diplomats and independent observers point to the fact that U.S. press is projecting overall a more moderate, more "liberal" image of Andropov. Europeans point to the fact that as an apparatchik, he can be no better than his predecessors.

Says world famous philosopher-historian Raymond Aron, "Under the so-called liberal Andropov, Soviet propaganda and disinformation campaigns reached a degree of efficiency, ubiquity and development as never before. Never, since the Stalin era, had inversion of words and values reached such a degree of insolence...."

Paradoxically, TIME magazine states that "some Western specialists believe that Andropov will be more flexible than Brezhnev. 'The new Soviet leader,' TIME says in an article entitled 'Top Cop Takes the Helm,' 'has been widely described in the U.S. and European press as a liberal and an intellectual with pro-Western leanings.'"

Iranian journalists working with the media in the United States do not agree with this simplistic view. They think, as one told ISP in a telephone interview, that "something fishy" is being worked out between Russia, the United States and Great Britain.

One of them, working with a leading U.S. publication but who asked not to be named because of fear he would lose his job, said, "According to indications we perceive here, the Reagan Administration is pursuing a similar tactic to Khomeyni in Iran in presenting an anti-Khomeyni image on the surface, a close cooperation under the table; not giving officially any arms to Iran, but authorising Israel to provide the Iranian army with what it lacks for its war against Iraq. The same scenario is played by the USSR. Officially, they do not give Iran any military assistance, but the North Koreans, the East Germans, the Libyans and the Syrians are helping Khomeyni with Russian-made weapons and, with the authorisation of Russia, supplying the Iranian army with whatever it needs."

"While Khomeyni is proclaiming a 'No East, No West' official policy, he is getting help from both East and the West," the Iranian journalist said.

He also claimed that word had been passed to American Defence and Diplomatic correspondents to avoid "as much as possible talking about Iran on the one hand and Irano-U.S. relations in every field on the other."

According to a French correspondent with close links with officials and press in Washington TIME Magazine's interview with the defecting KGB agent from Tehran was arranged on condition that no question was put concerning the regime, personalities or the situation in Iran. No confirmation of this could be obtained.

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# SOURCE OF TEHRAN'S ARMS OBSCURE

London IRAN PRESS SERVICE in English No 100, 2 Dec 82 pp 3-5

[Text] Exile opposition observers of the Iranian scene are uncertain over where the mullahs are obtaining weapons to continue their costly war on three separate fronts with the Iraqis and still carry on another campaign against "counter revolutionary" forces in their western provinces.

Attention was focused for exiled Iranians on the issue when the Western press reported the discovery of an arms and drug smuggling ring in Milan, in which some exile sources have hinted Iranian authorities could well be involved.

Italian officials have released very little information on the Milan ring except to say that a Syrian national, with contacts in Turkey, was running the operation. But it was reported that the ring smuggled arms, including some tanks and helicopter gunships from Germany and the United States, to a Middle East country in exchange for heroin.

Exile sources say that the only Middle Eastern country in need of American-made weapons from unauthorised sellers is Khomeyni's Iran, which is fighting Iraq in a war which consumes large quantities of arms and ammunition. Iran's army is equipped with American weapons and because of an arms ban by the Americans the Iranian army cannot replenish its stocks of American-made arms by direct purchases. It was obvious the Tehran regime must be looking to unauthorised arms dealers to obtain a lot of its weapons, they contend.

At the same time, it is pointed out, the mullahs are short of cash, as they face increasing difficulty in selling their oil at adequate prices. In the Middle and Near East, Turkey, Pakistan and Afghanistan are the only countries growing sufficient opium and in a position to produce heroin other than Iran. The first two countries receive weapons officially from the Americans, so would not be interested in a drugs for arms deal, and Afghanistan is a Soviet vassal. So Iran must be top of the list for suspicion.

"The whole thing fits so well that one is bound to think that the Milan ring had Iranian mullah connections," an exile analyst told IPS. "We know that the mullahs confiscate large quantities of drugs from smugglers, but we do not know what happens to the heroin once their agents seize it."

ENGHELAB-E-ESLAMI, published by ex-President Bani-Sadr in Paris, claims that West Germany, Italy and Britain have resumed arms deliveries to the Iranian regime.

The publication quotes Sadeq Tabatabai, the brother-in-law of Ahmad Khomeini and the regime's arms dealer in Germany, as saying that the agreements signed between Iran and Germany on arms purchases would now be revalidated. These include delivery of six submarines as well as armoured vehicles.

The paper then says that the Italian Government, which had signed to deliver helicopter gunships to Iran but had withheld delivery, would now begin to send the helicopters to Iran's navy.

The Shah's government contracted to buy the helicopters from Italy. But after the revolution there was disagreement and though Iran had already paid for them, the Italians refused delivery. They argued that the arms were manufactured under licence from America and the Pentagon had objected to their delivery to the mullahs' regime.

"Now the Italians have decided to deliver the helicopters to Iran one can come to the conclusion that the Pentagon has given its O.K.," the newspaper said.

ENGHELAB-E-ESLAMI also claimed that mullahs have managed to clinch a deal for the purchase of 160 Chieftan tanks from Britain. Rumours to this effect have been rife in London recently. Bani'Sadr's paper said the mullahs must have made some concession to the British, such as agreeing to buy a quantity of obsolete arms from NATO stock.

The paper said that Rafigh-doost, the new minister for revolutionary guards, had been in the market for arms in European countries.

Meanwhile, a Paris-based Persian language publication, belonging to the front for the Liberation of Iran, led by veteran politician Ali Amini, claimed that the mullahs obtained the bulk of their weapons from Turkey and South Korea.

The publication said that the Iranian revolutionary militia and regular troops were using up large quantities of ammunition and arms which could not be produced by the domestic arms industry. On the other hand, it said, Iran had signed a barter agreement with Turkey to exchange 70 million barrels of Iranian crude oil for a wide range of agricultural products and manufactured goods.

It was obvious, the paper said, that Turkey could not export two billion dollars worth of goods to Iran. So the 70 million barrels of oil was sold to Turkey in exchange for Turkey's role in channelling American-made arms to the mullahs, it contended.

The same publication claimed that the mullahs had set up dummy companies in Istanbul and Ankara, with Turkish generals as the directors of these companies, to provide the mullahs with American-made arms manufactured under licence in South Korea or given to Turkey by the Americans.

But other exile sources could not substantiate these charges. They said that as far as they could see the North Koreans were much more involved in Iranian affairs than the South Koreans. As to arms from Turkey the sources said that the two countries, though both members of CENTO at one time, had basically two different types of weapons systems.

"There is no possibility of Turkey reselling aircraft spare parts or parts for armoured units to Iran," one former Iranian officer said. The Iranian army's American weapons were of a different class from the weapons which the Turkish army used.

The same officer said that contrary to what the Front for Liberation of Iran paper has written, the Iranian domestic arms industry was well maintained by the army after the revolution.

"Our colleagues in the army industries division were highly educated and capable officers who were not engaged in any kind of politics," he said. "They stuck to their jobs, a few were purged but many of them remained. They can produce large quantities of ammunition."

Another officer said that technicians from the army have been working at Arak machine tools factory and Isfahan Steel Mill complex to manufacture such items as artillery pieces, plates for armoured vehicles and even engines.

"We do believe that the war consumes a great deal of weapons which our own armaments industry cannot fully supply," one officer said. "We do not know how the mullahs obtain arms and where from. But we think some Russian weapons are imported from Syria and North Korea; what we do not believe is that there are big imports of American-made arms because those forces most dependent on American arms, such as the air force and navy, are putting up a poor show."

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IRAN

#### NEW GUARDS MINISTER ACCUSED OF CORRUPTION

London IRAN PRESS SERVICE in English No 100, 2 Dec 82 pp 5-6

[Text] Leaflets were distributed in Tehran over the weekend claiming that Mohsen Rafigh-doost, who has taken over the new ministry for the revolutionary guards, had embezzled 24 million rials in 1979.

The leaflets gave details of a payment order signed by the then deputy minister of defence and now president Ali Khamene'i which instructed the Bank Sepah to pay that sum (more than \$3 million) to Rafigh-doost.

They also gave details of a second document issued by the Central Bank's foreign exchange control board which authorised conversion of the money into foreign currency to be paid to Rafigh-doost personally in Beirut.

According to the instruction to the Central Bank, the foreign currency was to be paid to Rafigh-doost to buy small arms for the then fledgling revolutionary guards.

It is quite possible that Rafigh-doost, in fact, used the money to buy arms for the guards, Iranian observers say. He was chief of the logistics and procurement department of the guards before his promotion to cabinet rank.

Sources in Tehran believe that Rafigh-doost is not in favour of too close a link between guards and regular army because he feels the army as an institution is conservative and essentially an antirevolutionary organisation.

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# COALITION AIMED AT ESTABLISHING 'POPULAR, ISLAMIC RULE IN PALESTINE'

Tehran JOMHURI-YE ESLAMI in Persian 20 Nov 82 p 3

[Text] According to the Central News Agency for the Voice of the Islamic Revolution of Palestine, monitored in Bèirut, 11 revolutionary Islamic groups which are actively fighting Zionism in occupied Palestine have held their first joint meeting in a part of occupied Palestine and have proclaimed the existence of a joint committee for the Islamic revolutionary forces of Palestine. According to the Voice of the Islamic Revolution of Palestine, officials from the military, ideological, and cultural sections of these groups participated in the above congress and spent 3 days discussing and exchanging views on the current concerns of the Palestinian revolution. The following statement was issued at the close of the session.

In the Name of the God of the Oppressed

Today the Palestinian nation, at the most sensitive historical juncture of its life, continues its extensive struggle against world Zionism. Having gained costly experience from the oppression and treason it has endured, it moves forward to open a path for its future through a fog of bloodshed, bullets, and the smoke of gunpowder towards a final victory.

We, the children of the Palestinian nation, pledge with our nation in the presence of Almighty God that we will defend the sacred aspirations of the Palestinian nation until the last step and the last breath and that we will never lay down our arms.

Preventing the Repetition of Past Experiences

With the experience of past failures and the bitter memories these bloody experiences have left with us, we have realized that only and only with reliance on faith in Almighty God and making use of Islamic liberationist prescriptions and the resistance of the heroic Palestinian nation will we be able to achieve victory in our struggle against world Zionism.

Under these circumstances we must acknowledge that from the time the Muslims of the world turned to the colonialist culture of the West and turned their backs on Islam and the reactionary Arab governments looked away from Islamic liberationist prescriptions on various pretexts, they have fallen into the chains of

Western and Eastern colonialism and are today the slaves of the superpowers. The superpowers are conspiring with each other to kill and plunder them and their wealth. This is how today, after much bloodshed and many massacres at Za'tar Hill, Kofr Qasem, Dir Yasin, Jarshan and 'Ajlun, 'Eyn al-Halwah, Sabra, Shatila, and throughout the blossoming land of Palestine, the Palestinian nation, more oppressed than ever, cries out in the face of the oppression which has been permitted to fall upon it, while among the leaders of the submissive Arab governments it is as if there are no ears to hear this piercing cry, and while the ears of the leaders of these same regimes are still open to hear the White House's inhuman and distasteful orders and their hands are still busy carrying out these inhuman orders.

#### Rejection of Eastern and Western Schools of Thought

We proclaim with absolute clarity that, weary of racism and populism, and fed up with various Eastern and Western schools of thought from Capitalism to Communism, we see the road to release for ourselves, our nation, and that of all nations oppressed by world imperialism in the Islamic liberationist directives, and we are certain that the Palestinian nation believes heart and soul in this great truth. This is why the cry God is Great, which comes from men and women, young and old, and dominates the occupied cities of Palestine, will not be silenced overnight, and the blood of a Muslim revolution will not be spilled overnight by Zionist executioners. We proclaim with absolute decisiveness that we will continue our historic liberationist struggle until Zionism is totally destroyed, the flag of There is no God but God is raised over all of occupied Palestine, and Palestine and Jerusalem are liberated. We are certain that it is impossible to talk to Zionists without using bullets, and the traitors and accommodationists who speak of Palestine one moment and march in step with the enemies of Palestine the next must realize that the revolutionary wrath of the Palestinian nation will separate friend from foe. As we praise all the fighters who have fought international Zionism until now in various groups, we call upon them to extend the hand of unity and brotherhood to one another, to put aside their petty differences, to continue their fight against imperialism under the banner of Islam, and to know that a victory over imperialism and world Zionism cannot be had without the power of faith in God Most High.

#### Warning to Traitors

Once again we warn the reactionary regimes who are trying to stabilize the Zionist regime in the area that the popular and liberationist struggle of the Palestinian nation will continue throughout occupied Palestine, whether in the form of revolutionary and Islamic demonstrations or guerrilla warfare, and we warn them not to do anything that will bring the hand of divine vengeance out of the angry sleeve of the Arab nation to make them answer for their crimes against the Palestinian nation.

As we affirm the fact that the Palestinian nation is a free and independent nation with a lustrous culture which has no need of guardian or people to make decisions for it without its authorization, we pledge to this revolutionary nation that we will fight for the liberation of Palestine, the release of Jerusalem, and an Islamic victory until the last drop of blood, and we are



certain that all freedom-loving Christian and Jewish forces will support us in this holy struggle.

Onward to the establishment of an Islamic, people's government in Palestine.

The Joint Committee of the Revolutionary Islamic Forces of Palestine  
19 October 1982.

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BRIEFS

EXILE PAPER WARNS SOVIETS--The Paris-based weekly IRAN-E-AZAD, organ of an active young monarchists' group, reminded the Soviet leadership in an article this week that while Iranians were preoccupied with fighting the Islamic republic they were not oblivious to the danger of a 'palace coup' by Soviet agents. It recalled that the new KGB chief Gaidar Aliyev had once been quoted as saying that as an Azarbaijani he was looking forward to the day when his wish to see Azarbaijanis on both sides of the border united would be fulfilled. The paper said that the Soviets should know that the Iranian people were ready to make every inch of their country a graveyard for Soviet troops and their local supporters if any attempt was made to repeat the history of 1946, when a Soviet puppet republic was set up in Iranian Azarbaijan. [Text] [London IRAN PRESS SERVICE in English No 100, 2 Dec 82 p 2]

RUMORS OF PROPERTY CONFISCATIONS--Both Central Bank governor Mohsen Noorbakhsh and president Khamene'i assured Iranians that the economy of the country was now in great shape on Wednesday. After seeing Khomeyni he claimed the country's reserves were up "and the whole world is giving us credit." But, as always, he did not provide a single figure to back up his claims. Khamene'i described the economy as "in good shape" and said all projects were going ahead well. Observers, however, pointed to reports that the government was planning to confiscate vast amounts of property to try to help its poor domestic financial situation. [Text] [London IRAN PRESS SERVICE in English No 100, 2 Dec 82 p 8]

MUSSAVI'S ARREST ORDERED--Israel radio reported that Lebanese prosecutor general Assad Germanus had ordered the arrest of Ali Hossain Mussavi, leader of the Iranian revolutionary guards detachment in Lebanon, along with seven of his lieutenants, on charges of instigating armed rebellion in Baalbek area. In return Shamsuddin Badran, leader of the Lebanese Shiite militia, had threatened that if the Iranians were not freed he would have a fatwa issued telling all Shiites to desert from the army. [Text] [London IRAN PRESS SERVICE in English No 100, 2 Dec 82 p 8]

CENSORSHIP OF NEWS--The wife of defecting Iran Air pilot Fereidoun Aryan has escaped from Iran with her child to rejoin her husband, it was reported in Paris. She was said to have left the country "by a mountainous route." Employed by Iran's state television she said in Paris that there was full censorship of the radio and press in Iran. A five-man board, who included three mullahs, checked and rewrote news before it was broadcast, she claimed.

IRANIAN CHAUVINISM DEMONSTRATED--The Iranian football team at the Asian Games in New Delhi roughed up the Indian referee after they lost a game against Kuwait. Earlier the Iranian squad had caused trouble by first refusing to walk near the Iraqis in the opening parade and then refusing to walk behind a woman banner-carrier. [Text] [London IRAN PRESS SERVICE in English No 100, 2 Dec 82 p 8]

PUBLICATIONS IN ENGLISH, ARABIC--The extreme left Iranian Students Society in Britain is the latest group to publish its own newspaper in English. The first issue consisted of a long monologue on the benefits of true socialist revolution and an editorial which went backwards and forwards from page to page, making them difficult to follow. The Mojahedin-e-Khalq and its allies have two publications, IRAN LIBERATION and IRAN SOLIDARITY. The Iranian embassy also circulates its own, much more expensively produced magazine in English, together with the English language version of the revolutionary guards organisation. The embassy publication attacks most of Iran's enemies, both real and imaginary; the guards publication is redolent of those in communist countries with Islam replacing the ideology. In the last month the Mojahedin weekly IRAN LIBERATION is also being published in Arabic. Considerable funds seem to be available to its publishers. [Text] [London IRAN PRESS SERVICE in English No 100, 2 Dec 82 p 8]

'BOY SOLDIERS' KILLED--Last week's IRAN LIBERATION claimed that at least two Iranian "boy soldiers" were shot dead by Khomeyni guards for attempting to desert during an attack on the Iraqi town of Al-Kut recently. A captured 12-year-old told the story to Iraqi troops and journalists. He named the two boys, both said to have come from Isfahan, in Central Iran, and said they were 12 and 13 respectively. The newspaper said that reports from the battlefield showed children have formed the bulk of the casualties. [Text] [London IRAN PRESS SERVICE in English No 100, 2 Dec 82 p 8]

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